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STATE OF OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30,1987

Detroit Lake State Park

STATE OF OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ending June 30,1987

Neil Goldschmidt
Governor of Oregon

Barbara Roberts
Secretary of State

Tony Meeker
State Treasurer

Dave Frohmmayer
Attorney General

Fred D. Miller, Director
Executive Department

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Special appreciation is given to all fiscal personnel throughout the State whose extra effort to contribute accurate, timely financial data for their agency that made this report possible.

Department of Transportation, Highway Division provided the graphic design.

Photos courtesy Department of Transportation and Economic Development Deparment.

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STATE OF OREGON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1987

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INTRODUCTION

Fort Stevens State Park

LETTER OF TRANSMITTAL

NEIL GOLDSCHMIDT
GOVERNOR

Executive Department

155 COTTAGE STREET N.E., SALEM, OREGON 97310-0310

October 31, 1987

THE HONORABLE NEIL GOLDSCHMIDT
GOVERNOR OF THE STATE OF OREGON
STATE CAPITOL
SALEM, OR 97310

The Comprehensive Annual Financial Report of the State of Oregon, for the fiscal year ended June 30, 1987, is submitted herewith. The report was prepared by the Accounting Division of the Executive Department in accordance with ORS 291.040. We believe the data, as presented, are accurate in all material aspects; that they are presented in a manner to reflect the financial position and results of operations of the State in accordance with generally accepted accounting principles; and that all disclosures necessary to enable the reader to gain an understanding of the State's financial affairs have been included.

The financial statements include the financial activity of all state agencies. They include the activities of the State Accident Insurance Corporation which is a public corporation. The Department of Higher Education is shown as a separate discrete activity.

The balance sheet for the General Fund includes, in the payables, an amount of particular interest to taxpayers. General Fund revenues for the 1985-87 biennium, which ended June 30, 1987, exceeded expectations by $228 million. As you and the Legislature intended, these excess revenues will be returned to Oregon personal and corporate income taxpayers in the form of income and excise tax credits.

The results of an improved economic condition in the State of Oregon are reflected in the General Fund. Income taxes, the largest General Fund revenue source, increased from $1,472 million in the prior year to $1,594 million in the year ended June 30, 1987, if we exclude the $228 million credit mentioned earlier. This represents an 8.3% increase in tax revenues before the credit adjustment. If the refund had not been made, fund equity of the General Fund would show a $107 million increase from the prior year balance of $232 million.

The governmental fund types as represented in the combined statements reflect the general operations of State government. An analysis of these funds shows the following:

The actual revenue for the governmental fund types is shown by source in the following schedule. Total governmental fund type revenue of $3,372 million compares with revenue of $3,355 million in the prior fiscal year. That represents an increase of $17 million or .5%. Federal revenue increased by $87 million or approximately 8%.

	Year ended June 30, 1987	
	Amount in millions	Percent
Taxes	$1,954	57.95%
Federal Funds	1,045	30.99
Charges for Service	78	2.31
Licenses and Fees	144	4.27
Interest	47	1.39
Other	104	3.09
	$3,372	100.00%

The following schedules show the expenditures for governmental fund types. The total expenditures of $3,176 million compares with expenditures of $3,037 million in the prior year, an increase of $139 million or approximately 4.4%. Of that increase $113 million was in the special payment expenditure category. Special payments mainly represent moneys returned to local governments or to benefit individuals. A complete summary of the special payments from all sources is shown in the Statistical and Economic Information Section of the report.

Expenditures from governmental fund types by program area were:

	Year ended June 30, 1987	
	Amount in millions	Percent
Economic Development	$ 203	6.39%
Education	717	22.58
Human Resources	960	30.23
Natural Resources	137	4.31
Public Safety	75	2.36
Transportation	574	18.07
Administrative & Support	410	12.91
Legislature	17	.54
Judicial	83	2.61
	$3,176	100.00%

Expenditures by budget category were:

	Year ended June 30, 1987	
	Amount	Percent
Personal Services	$ 649	20.43%
Services & Supplies	598	18.83
Capital Outlay	48	1.51
Special Payments	1,854	58.38
Debt Service	27	.85
	$3,176	100.00%

The individual agencies of the State of Oregon are audited by the Secretary of State's office in accordance with Oregon Law. The audit functions of the Secretary of State's Office have been coordinated with the preparation of the annual financial report for the State and have resulted in the auditors' certification letter enclosed in this report.

The audit report makes a comment concerning a prior period adjustment in the General Fund (see Footnote A.13.a). This is a reporting problem and a one-time adjustment to correct prior reporting errors. An additional comment on the Capital Projects Fund and the Special Revenue Fund is the result of the auditors feeling that problems with accounting records for major parts of these funds made them unauditable. The problems involved computer systems. Both situations have been (or are in the midst of being) corrected. We have been assured that these problems will be corrected by June, 1988.

We hope that we have provided financial statements which will be valuable to legislators, concerned citizens and investors. Suggestions or comments are always welcome.

Fred Miller

Fred D. Miller
Director

FDM:gh:DS
encl.

ORGANIZATION OF STATE GOVERNMENT

General Organization

The government of the State of Oregon is comprised of three separate branches: Executive, Legislative, and Judicial. The Executive Branch which administers state agencies and enforces state laws, is headed by six independently elected officials. These are the Governor, Secretary of State, State Treasurer, Attorney General, Labor Commissioner, and Superintendent of Public Instruction.

The Governor, Secretary of State, and State Treasurer, in addition to performing their individual duties, jointly form the Land Board. The three members of the Board have equal responsibilities and the Governor serves as chairperson.

The Attorney General, Superintendent of Public Instruction, and Labor Commissioner are elected to carry out the particular duties of their respective divisions.

The Executive Branch

The Governor is elected to a four-year term and is limited to serving two terms in any twelve-year period. The present Governor, Neil Goldschmidt, assumed office on January 12, 1987. Responsibilities of the Governor, in addition to chairing the Land Board, include planning and recommending a budget to the State Legislature, coordinating activities of state agencies, initiating future state activities, and coordinating services of federal and local governments.

The Governor is empowered to call special sessions of the Legislature and may veto single appropriation items or emergency clauses on legislative bills. He appoints numerous agency heads, board and commission members, and other officials.

The Secretary of State is the auditor of public accounts in the state and is chief elections officer. As auditor, the Secretary of State conducts audits of municipal corporations and audits the accounts and financial affairs of state boards, commissions, departments, and institutions. The Secretary of State also edits, codifies, and publishes Administrative Rules, which supplement laws passed by the Legislature and prescribe the manner in which state agencies conduct their business.

The State Treasurer is responsible for all moneys paid into the State Treasury and, as the State's Investment Officer, invests trust and general funds. The Treasurer also receives and disburses state funds, has custody of securities deposited with the state, and oversees the issuing, paying of interest, and retiring of bonds. The Treasurer is a member of the Oregon Investment Council, the State Land Board, the Local Government Investment Board, the Municipal Debt Advisory Commission, the Public Contract Review Board, and the Oregon Mass Transportation Financing Authority.

The State Land Board was created by the 1967 Legislature to supervise administration of state-owned lands and public rights in submerged and submersible lands. Proceeds from the use of these lands are deposited as principal in the Common School Trust Fund. Interest from the Fund is paid to counties for school operation.

The Legislative Branch

Oregon's Legislative Branch is comprised of a bicameral legislative assembly and its permanent and temporary legislative committees. The Senate has thirty members

elected to four-year terms with half elected every two years. The House of Representatives has sixty members, all elected every two years.

The Legislature convenes its regular session in January of each odd-numbered year. The current session began January 12, 1987. Session length is not prescribed by the Constitution, but it is usually of about six months' duration. The Legislature normally considers between 2,500 and 3,000 bills during a regular session and approximately 25 to 30 percent of these are enacted into law.

Special sessions of the Legislature may be called by the Governor or by a majority of each house to deal with emergency situations. Since 1970, the Legislature has held eleven special sessions which have lasted between one and 37 days. The Legislature has never exercised its right to call itself into special session.

The primary function of the Legislature is to enact laws, to provide a forum for public discussion, and to determine fiscal policy together with the Executive branch. Certain Executive decisions are subject to confirmation by the Legislature. In addition, since 1977, Oregon has had a "sunset" law under which certain agencies and programs are terminated unless their continuation is specifically approved by the Legislature.

The Oregon Constitution, Article IX, Section 6, provides that the state may not budget expenditures in excess of revenues. Therefore, the Legislative and Executive branches must provide a balanced budget. The Legislature reviews and revises the Governor's recommended budget and passes appropriation measures to provide revenues. Because the Legislature convenes biennially, the finances of the state are managed on a biennial basis. However, state law now requires that the Executive Department prepare a financial report of state operations at the end of each fiscal year. The first such report was prepared as of June 30, 1979.

Of significant importance in the Legislative branch is the Emergency Board, a joint legislative committee created by statute. The seventeen-member Emergency Board consists of the President of the Senate, Speaker of the House of Representatives, Co-Chairpersons of the Joint Ways and Means Committee, six other Senate members and seven other House members. The Emergency Board, which may schedule its own meetings, usually meets once each month during the interim between regular sessions.

Where an emergency exists, the Emergency Board may allocate to any state agency out of funds appropriated to the Board for that purpose, moneys in addition to those allocated by the Legislature. The Board may take other actions to meet emergency interim needs such as providing funding for an activity required by law, authorizing expenditures from dedicated or continuously appropriated funds, and approving funding for a new activity coming into existence at a time which would preclude submitting of a budget to the Legislature.

In addition, the Legislature has a variety of statutory and interim committees that function throughout the biennium. Principal statutory committees include: Legislative Counsel Committee, Legislative Administration Committee, Land Use Committee, Data Processing Committee, Senate Executive Appointment Committee,

Joint Committee on Water Policy and Trade and Economic Development. The major interim committees are the Joint Interim Revenue Committee, Joint Interim Judiciary Committee, Joint Interim Committee on Sunset Review, House Interim Committees, and Senate Interim Task Forces.

The Judicial Branch

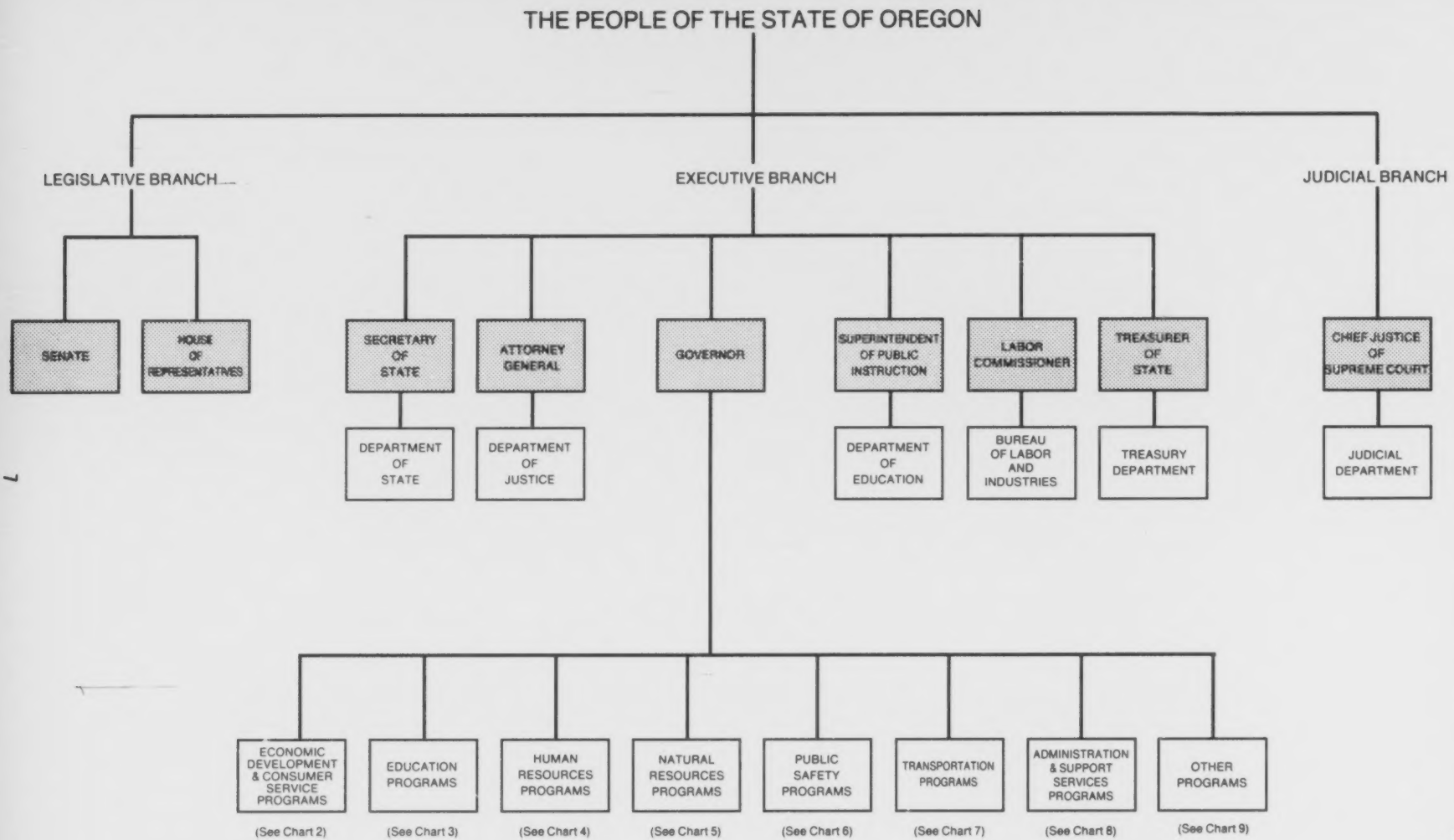
The Judicial Branch consists of the Supreme Court, the Court of Appeals, the Tax Court, and Circuit and District Courts. The seven-justice Supreme Court was created and its jurisdiction defined by the Constitution. The Supreme Court has discretionary review of decisions of the Court of Appeals.

A five-judge Court of Appeals was created by the Legislature in 1969, expanded to six judges in 1973 and expanded to ten judges in 1977. The Court of Appeals has exclusive jurisdiction over all civil and criminal appeals from circuit and district courts and review of orders of state administrative agencies, Department of Corrections disciplinary actions, and Board of Parole orders.

The one-judge Tax Court, created by the 1961 Legislature, has exclusive jurisdiction over tax-related matters. The Circuit Court is the state trial court of general jurisdiction, and the District Court is the trial court of limited jurisdiction.

All judges are elected to six-year terms on a non-partisan ballot. The Chief Justice exercises administrative authority over the courts of Oregon.

Exhibit 1 summarizes the organization of state government in Oregon.



The Superintendent of Public Instruction reports to the State Board of Education, appointed by the Governor.
Source: State of Oregon, Executive Department, Budget and Management Division.

STATE PROGRAM AREAS

Economic Development and Consumer Services

The rapid expansion of the Oregon economy since 1970 has resulted in increasing demands for a wide variety of public services related to consumer protection, business regulation and public safety in the commercial sector. These demands have been met through more effective operation of existing programs and through the consolidation of overlapping activities wherever possible. The common elements of the many State agencies in this program are the safety and protection of the Oregon public as consumers and producers, as employes and employers, and as savers and investors. In the area of economic development, a variety of local economic stimulation projects are intended to provide more job opportunities for Oregonians and to generally stimulate Oregon's economy. The Oregon Department of Economic Development is overseen by the Economic Development Commission and is active in international trade, port activities, industrial development incentive programs, and small business assistance.

Education and School Financing

The education program area includes the Department of Education, the Department of Higher Education, and educational support agencies. The Department of Education, acting under the direction of the State Board of Education, exercises all administrative functions of the State relating to supervision, management and control of public, elementary and secondary schools and community colleges. The Department of Higher Education provides direct educational services through the State colleges and universities. The activities of both Departments are coordinated by the Oregon Educational Coordinating Commission.

The Legislature appropriates funds to be distributed to local school districts in support of basic educational programs. The Legislature appropriated $880 million for Basic School Support for the 1983-85 biennium, and $945 million for the 1985-87 biennium. The Governor has proposed $1,024 million for 1987-89.

Human Resources

Human resource agencies offer a variety of social services. Services offered include financial support to needy persons, medical care, protective services, and rehabilitation. Expenditures in these program areas continue to represent approximately 28% of the General Fund budget and 23% of the total state budget.

Natural Resources

The overall goal of the thirteen agencies in this program area is to conserve, develop, and protect the State's natural resources.

Public Safety

The overall goal for the public safety program area is a reduction in the amount of harm to individuals and damage to property caused by events of natural disasters, civil disorders, traffic accidents, criminal activities, and armed conflict. Other major objectives include improvement of criminal prosecution and consumer protection from fraudulent business practices.

Transportation

The transportation program area consists of the Department of Transportation, the Traffic Safety Commission, and the Travel Information Council. The basic goal of the Department of Transportation is to provide the State with systems of transportation which are safe, are environmentally compatible and provide for orderly economic growth. The objective of the Traffic Safety Commission is to promote traffic safety in Oregon through the use of Federal grants to State agencies and local governments. The Travel Information Council develops and maintains a Motorist Information and Sign Plaza Program and promulgates regulations to control on-premise signs and signs in unzoned commercial and industrial areas. Part of its functions were transferred to the Economic Development Department as a result of 1983 legislation.

Administration and Support Services

This program area includes those agencies which provide either executive leadership or administrative and planning support services to line agencies. The state's tax relief programs are included within this program area because they are administered by the Department of Revenue.

Legislative Branch

The Legislative Branch is comprised of the Legislative Assembly and the permanent and temporary legislative committees. The bicameral ninety member Oregon Legislative Assembly convenes in odd-numbered years in regular legislative session. Permanent statutorily established legislative committees provide special staff services to the Legislature. The Legislative Branch also includes the Emergency Board.

Judicial Branch

The judicial program area is comprised of the state supported portion of the Judicial Branch of government to ensure an effective judicial system for the State. On October 24, 1981 a special session of the Legislature was called to provide financing necessary for the state to assume greater responsibility over the administration of district and circuit courts.

STATE BUDGETARY PROCESS

The Oregon budget is approved on a biennial basis by separate appropriation measures. Although the Governor recommends a budget, no omnibus budget measure is approved. Biennia begin July 1 and end June 30 of odd-numbered years. Measures are passed for the approaching biennium during each regular Legislative session, held beginning in January of odd-numbered years. However, the budgeting process begins several months prior to the beginning of a biennium.

The budgeting process begins with the development of a tentative budget as an internal document in the Executive Department. The early budget forecasts three levels of expenditures based upon current law and three levels of expenditure based upon passage of pending ballot measures. Expenditure estimates are based on a range from maintaining present spending to providing for growth of existing programs or expanding programs, all adjusted for inflation. Revenues in the internal budget are also forecast in a range. Oregon law (ORS 291.208) requires each agency to submit budget requests to the Executive Department prior to September 1 of each even-numbered year. During the fall, these budget requests are reviewed and budget hearings are held by the Executive Department and the Governor.

The Governor's budget recommendations to the Legislature must be completed by early November in order to meet the December 1 statutory deadline for distribution of printed copies to the Legislature. Appropriation bills for each agency are prepared separately and filed during December so that when the Legislature convenes in January the Joint Ways and Means Committee can begin consideration of each bill.

Service as staff to the Ways and Means Committee, the Legislative Fiscal Office analyzes each budget. Public hearings are held by Ways and Means subcommittees before the recommended budget bills are referred to the full Legislature for a final vote.

The Governor may veto any bill, but may not veto particular line items, except in appropriation bills. The Governor's veto may be overridden by a two-thirds vote of the Legislature.

Because the Oregon Legislature meets in regular session for approximately six months of each biennium, provision is made for interim funding through the Legislative Emergency Board. The Emergency Board is authorized to make allocations of General Fund moneys to state agencies from the State Emergency Fund. The Emergency Board may also authorize increases in expenditure limitations from Other or Federal Funds, (dedicated or continuously appropriated funds) and may take other actions to meet emergency needs when the Legislature is not in session.

The most significant feature of the budgeting process in Oregon is the constitutional requirement that the budget be in balance at the end of each biennium. Article IX, Section 6 of the Oregon Constitution states that "whenever the expenses, of any fiscal year, shall exceed the income, the Legislative Assembly shall provide for levying a tax, for the ensuing fiscal year, sufficient, with other sources of income, to pay the deficiency, as well as the estimated expense of the ensuing fiscal year." Because of this provision, Oregon may not budget a deficit and is required to alleviate any revenue shortfalls within each biennium.

The biennial budget used in Oregon makes it more difficult to accurately forecast revenues and expenditures than in an annual budget cycle. At the same time, a biennial period allows more time for correction in the event a revenue shortfall occurs.

FINANCIAL SECTION

Sunset Bay State Park

GENERAL PURPOSE FINANCIAL STATEMENTS

OREGON HISTORY
FORT STEVENS STATE PARK
FORT STEVENS WAS NAMED FOR GENERAL
ISAAC INGALLS STEVENS, FIRST GOVERNOR
OF WASHINGTON TERRITORY, WHO DIED A
HERO OF THE CIVIL WAR IN 1862. THE FORT
WAS BUILT IN 1863 AND DECOMMISSIONED IN
1947. SOME 5000 ACRES OF SANDY WASTE LAND
KNOWN AS CLATSOP SAND PLAINS WERE
STABILIZED HERE IN THE 1930'S BY THE
PLANTING OF BEACH GRASS, SHRUBS, AND
TREES. THIS PARK AREA WAS DONATED TO
THE PUBLIC BY CLATSOP COUNTY IN 1955.
THE COLUMBIA RIVER TO THE NORTH
WAS DISCOVERED BY AN AMERICAN FUR
TRADER, CAPTAIN ROBERT GRAY IN 1792
AND WAS NAMED AFTER HIS SHIP. LEWIS
AND CLARK, THE FIRST AMERICANS TO
MAKE AN OVERLAND EXPEDITION TO THE
PACIFIC COAST, CAMPED AT FORT CLATSOP
IN 1805-06 FOUR MILES EAST OF THIS POINT.

Fort Stevens State Park

ACCOUNTANT'S REPORT

OFFICE OF THE SECRETARY OF STATE

BARBARA ROBERTS
SECRETARY OF STATE

AUDITS DIVISION
WILLIAM L. MILES
DIRECTOR
112-A LABOR AND INDUSTRIES BUILDING
SALEM, OREGON 97310
(503) 378-3329

Honorable Neil Goldschmidt
Governor of Oregon
State Capitol
Salem, Oregon 97310

We have examined the general purpose financial statements of the State of Oregon, as listed in the foregoing table of contents, as of and for the year ended June 30, 1987. Except as explained in the following paragraphs, our examination was made in accordance with generally accepted auditing standards, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Executive Department records do not provide an adequate accounting for the $48,185,000 prior period adjustment to the General Fund. We were, therefore, unable to examine sufficient evidence in support of the adjustment and we were unable to satisfy ourselves by other means as to its accuracy.

The records of the Department of Transportation, Highway Division and the Department of Fish and Wildlife do not provide an adequate accounting of financial transactions of the Special Revenue and Capital Projects Funds. We were, therefore, unable to examine sufficient evidence to support the financial transactions and we were unable to satisfy ourselves by other means as to the accuracy of the stated amounts for assets, liabilities, fund equity, revenue, expenditures, and other financing sources and uses of these Funds. The total amount reported by these two Departments represent 14 percent of assets, 19 percent of liabilities, 9 percent of fund equity, 14 percent of revenue, 18 percent of expenditures, and 27 percent of other financing sources and uses for the Special Revenue Funds, and 55 percent of expenditures and 58 percent of other financing sources and uses for the Capital Projects Funds.

In our opinion, except for the effect of the matter described in the paragraph related to the General Fund, the general purpose financial statements referred to above present fairly the financial position of the State of Oregon at June 30, 1987, and the results of its operations and the changes in financial position of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for changes, with which we concur, as described in Note A. 12. to the financial statements. For the reasons stated in the preceding paragraph, the scope of our examination was not sufficient to enable us to express, and we do not express, an opinion on the general purpose financial statements as they relate to the Special Revenue Funds and Capital Projects Funds at June 30, 1987, and for the year then ended.

Our examination was made solely for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the State of Oregon. This information has not been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, accordingly, we do not express any opinion with regard to its relationship to the general purpose financial statements taken as a whole. However, we noted that the combining budget comparison statements present information by fund type, rather than by individual fund, as required by generally accepted accounting principles for comprehensive annual financial reports. In addition, the Combining Statement of Changes in Assets and Liabilities - All Agency Funds is presented on a combined basis rather than a functional basis which is the presentation method used for all other combining statements.

The other data included in this report, designated as the introductory section and the statistical section in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

Barbara Roberts
Secretary of State
and
Auditor of Public Accounts

William L. Miles
Certified Public Accountant
and Director
Division of Audits

October 17, 1987, except for Note T.1.c.,
as to which the date is November 5, 1987,
and except for Note R.5.b.,
as to which the date is May 24, 1988.

STATE OF OREGON
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1987

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			
ASSETS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Cash and Investments	$289,939	$324,600	$110,414	$ (152)
Securities Held in Trust	-	5,807	-	-
Receivables	6,930	117,764	2,307	430
Interfund Receivables	30,142	57,934	247	602
Inventories	11,629	28,010	-	-
Prepaid and Deferred Charges	28	52	426	-
Contracts, Mortgages, and Notes Receivable	90	92,691	5,543	38
Advances to Other Funds	57,098	829	-	-
Foreclosed and Deeded Property	-	-	-	-
Taxes Receivable	166,425	-	-	-
Fixed Assets	-	-	-	-
Amounts Available for Retirement of L-T Debt	-	-	-	-
Amounts To be Provided for Retirement of L-T Obligations	-	-	-	-
Total Assets	$562,281	$627,687	$118,937	$ 918
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts and Interest Payable	$283,798	$100,863	$ 277	$ 266
Interfund Payables	53,544	63,675	-	91
Due to Other Governments	3,687	32,464	-	-
Trust and Agency Funds Payable	-	12,850	-	-
Deferred Compensation Payable	-	-	-	-
Contract, Mortgages, and Notes Payable	-	-	-	-
Obligation Under Capital Lease	-	-	-	-
Advances from Other Funds	-	52,641	203	-
Matured Bonds Payable	-	-	174	-
General Obligation Bonds Payable	-	-	-	-
Notes Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Vacation Payable	3,431	4,777	-	-
Deferred Income	106,551	31,967	-	-
Claim Loss Liability	-	-	-	
Total Liabilities	$451,011	$299,237	$ 654	$ 357
Fund Equity				
Contributed Capital	$ -	$ -	$ -	$ -
Unrealized Gain on Investments	-	-	-	-
Reserve for Inventories	11,629	28,010	-	-
Reserve for Revolving Accounts	-	1,962	-	-
Reserve for Receivables	-	75,695	5,340	38
Reserve for Advances to Other Funds	57,098	829	-	-
Reserve - Other	30	50	-	-
Reserve for Public Employes Retirement System	-	-	-	-
Reserve for Trust Funds	-	-	-	-
Invested in Fixed Assets/Plant	-	-	-	-
Retained Earnings - Unreserved	-	-	-	-
Fund Balance - Reserved	-	-	-	-
Fund Balance - Designated for Contingencies	41,185	-	-	-
Fund Balance - Unreserved	1,328	221,904	112,943	523
Total Fund Equity	$111,270	$328,450	$118,283	$ 561
Total Liabilities and Fund Equity	$562,281	$627,687	$118,937	$ 918

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	COLLEGE AND UNIVERSITY	ACCOUNT GROUPS		TOTALS (MEMO ONLY) JUNE 30	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	FUNDS	GEN. FIXED ASSETS	GEN. LONG TERM DEBT	1987	1986
$2,575,678	$ 41,601	$ 9,866,033	$ 125,003	$ -	$ -	$13,333,116	$11,003,617
-	-	761,703	-	-	-	767,510	685,742
238,831	29,638	246,082	55,318	-	-	697,300	667,548
755	187	29,858	27,191	-	-	146,916	82,218
31,357	3,653	110	7,661	-	-	82,420	136,429
36,700	23	-	4,401	-	-	41,630	43,335
5,073,670	11	46,966	64,035	-	-	5,283,044	5,525,832
4,905	1,611	-	-	-	-	64,443	63,425
51,066	-	-	-	-	-	51,066	-
-	-	-	-	-	-	166,425	161,642
59,018	103,204	3,590	849,104	605,055	-	1,619,971	1,491,071
-	-	-	-	-	118,283	118,283	28,507
-	-	-	-	-	93,132	93,132	245,043
$8,071,980	$179,928	$10,954,342	$1,132,713	$605,055	$211,415	$22,465,256	$20,134,409
$ 221,504	$ 13,991	$ 37,773	$ 20,152	$ -	$ -	$ 678,624	$ 552,401
21,540	181	7,675	210	-	-	146,916	82,218
1,754	-	23,803	76	-	-	61,784	58,825
-	-	1,489,974	5,005	-	-	1,507,829	1,424,189
-	-	76,866	-	-	-	76,866	-
419	25,540	-	1,301	-	6,936	34,196	32,586
-	1,209	-	-	-	182	1,391	2,051
5,265	4,740	7	-	-	1,587	64,443	63,425
5,344	-	-	298	-	-	5,816	4,835
5,896,063	-	-	144,024	-	182,355	6,222,442	6,367,852
185,000	-	-	-	-	-	185,000	-
497,158	-	-	-	-	-	497,158	511,741
5,667	2,202	222	11,877	-	20,355	48,531	47,033
2,540	280	24,099	12,691	-	-	178,128	190,794
971,256	18,137	-	-	-	-	989,393	847,392
$7,813,510	$ 66,280	$ 1,660,419	$ 195,634	$ -	$211,415	$10,698,517	$10,185,342
$ 1,003	$ 46,256	$ -	$ -	$ -	$ -	$ 47,259	$ 46,108
19,900	-	-	-	-	-	19,900	-
-	-	-	-	-	-	39,639	38,993
-	-	-	-	-	-	1,962	1,658
-	-	-	-	-	-	81,073	74,970
-	-	-	-	-	-	57,927	57,159
-	-	-	-	-	-	80	52
-	-	8,693,962	-	-	-	8,693,962	147,740
-	-	152,273	-	-	-	152,273	6,907,661
-	-	-	703,779	605,055	-	1,308,834	569,044
237,567	67,392	-	-	-	-	304,959	358,253
-	-	-	189,017	-	-	189,017	-
-	-	-	-	-	-	41,185	-
-	-	447,688	44,283	-	-	828,669	1,747,429
$ 258,470	$113,648	$ 9,293,923	$ 937,079	$605,055	$ -	$11,766,739	$ 9,949,067
$8,071,980	$179,928	$10,954,342	$1,132,713	$605,055	$211,415	$22,465,256	$20,134,409

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - ALL GOVERNMENTAL FUND TYPES AND
EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST
Revenue					
Income Taxes	$1,366,493	$ -	$ -	$ -	$ -
Selective Sales and Use Taxes	68,092	284,255	-	-	-
Gross Receipts Business Taxes	52,918	5,606	-	-	-
Employer-Employe Taxes	-	125,829	-	-	318,772
Inheritance and Gift Taxes	34,712	-	-	-	-
Severance Taxes	1,967	175	-	-	-
Other Taxes	-	14,385	-	-	980
Business Licenses and Fees	5,474	23,799	-	-	-
Nonbusiness Licenses and Fees	13,739	101,103	-	-	-
Federal Revenue	101	1,044,323	-	994	8,094
Charges for Services	2,594	74,834	-	-	-
Fines and Forfeitures	9,875	13,344	-	-	-
Rents and Royalties	135	3,921	-	1	-
Interest and Investment Income	20,666	17,926	8,675	10	29,360
Sales Income	2,911	28,498	-	287	-
Donations and Grants (Nonfederal)	-	4,208	-	165	1,005
Other Revenue	8,405	31,747	-	-	2,617
Total Revenue	$1,588,082	$1,773,953	$ 8,675	$ 1,457	$360,828
Expenditures					
Personal Services	$ 286,162	$ 362,494	$ -	$ 189	$ 74
Services and Supplies	103,231	493,487	-	806	1,063
Capital Outlay	10,552	28,483	-	8,996	1
Special Payments	346,896	1,507,487	-	-	264,836
Debt Service	1,343	954	25,383	-	-
Total Expenditures	$ 748,184	$2,392,905	$ 25,383	$ 9,991	$265,974
Excess (Deficiency) of Revenues Over Expenditures	$ 839,898	$ (618,952)	$(16,708)	$ (8,534)	$ 94,854
Other Financing Sources (Uses)					
Transfers-in	$ 28,099	$ 815,708	$ 8,619	$ 6,887	$232,757
Transfers-out	(956,201)	(180,883)	(38)	(57)	(233,800)
Loan Repayments/Proceeds	11,129	12,659	5,840	1,174	73
Leases Incurred	2,985	470	-	-	-
Total Other Financing Sources (Uses)	$ (913,988)	$ 647,954	$ 14,421	$ 8,004	$ (970)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ (74,090)	$ 29,002	$ (2,287)	$ (530)	$ 93,884
Fund Equity Beginning	232,113	436,008	28,507	1,183	353,951
Increase (Decrease) in Reserves					
Inventories	501	146	-	-	-
Revolving Accounts	-	304	-	-	-
Advances to Other Funds	919	11,592	-	-	-
Reserve for Receivables	-	507	(5,735)	(92)	-
Other	12	15	-	-	-
Investment in Fixed Assets	-	-	-	-	-
Accounting Change	-	(50,981)	(320)	-	(120)
Prior Period Adjustments	(48,185)	(98,143)	98,118	-	(27)
Fund Equity - Ending	$ 111,270	$ 328,450	$118,283	$ 561	$447,688

TOTALS (MEMO ONLY)	
FISCAL YEAR ENDED JUNE 30,	
1987	1986
$1,366,493	$1,472,103
352,347	315,089
58,524	49,604
444,601	421,717
34,712	25,937
2,142	2,434
15,365	14,311
29,273	27,930
114,842	122,969
1,053,512	968,853
77,428	79,998
23,219	15,943
4,057	3,388
76,637	78,093
31,696	38,043
5,378	6,304
42,769	49,444
$3,732,995	$3,692,160
$ 648,919	$ 626,712
598,587	599,454
48,032	38,862
2,119,219	2,022,304
27,680	32,777
$3,442,437	$3,320,109
$ 290,558	$ 372,051
$1,092,070	$ 847,398
(1,370,979)	(1,099,387)
30,875	13,461
3,455	2,498
$ (244,579)	$ (236,030)
$ 45,979	$ 136,021
1,051,762	688,684
647	1,834
304	96
12,511	57,159
(5,319)	25,676
27	11
-	1
(51,421)	137,418
(48,238)	4,862
$1,006,252	$1,051,762

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST
Sales Income	$ 244,192	$ 16,987	$ -	$ 7,845
Cost of Goods Sold	(73,570)	(13,802)	-	-
Gross Profit on Sales	$ 170,622	$ 3,185	$ -	$ 7,845
Other Income				
Contributions	$ -	$ -	$ 427,549	$ -
Taxes and Licenses	13,721	59	-	54
Federal Revenue	546	-	-	-
Charges for Services	326,144	109,217	-	99
Fines and Forfeitures	64	-	-	-
Rents and Royalties	1,468	11,345	-	1,938
Interest and Investment Income	631,357	2,997	1,649,983	16,821
Donations and Grants (Nonfederal)	63	-	-	-
Other Revenue	3,599	1,824	122	953
Loss on Foreclosed Property (Net)	(25,549)	-	-	-
Gain (Loss) on Disposition of Equipment	(528)	(1,261)	-	-
Allowance for Returns	-	-	-	-
Fees Waived	(43,672)	-	-	-
Total Income	$1,077,835	$127,366	$2,077,654	$ 27,710
Operating Expenses				
Salaries and Wages	$ 144,029	$ 46,102	$ 2,469	$ 2,861
Services and Supplies	92,650	61,627	1,471	3,438
Special Payments	375,464	7,766	-	-
Interest Expense	471,311	510	-	-
Benefit Payments	-	-	287,548	-
Distribution to Governments	-	-	-	16,791
Depreciation/Amortization	6,356	10,346	114	31
Total Expenses	$1,089,810	$126,351	$ 291,602	$ 23,121
Net Income (Loss) From Operations	$ (11,975)	$ 1,015	$1,786,052	$ 4,589
Operating Transfers				
Operating Transfers-in	$ 64,657	$ 378	$ 249	$ 420
Operating Transfers-out	(88,928)	(263)	-	(381)
Total Operating Transfers	$ (24,271)	$ 115	$ 249	$ 39
Net Income (Loss) Before Extraordinary Items and Accounting Change	$ (36,246)	$ 1,130	$1,786,301	$ 4,628
Cumulative Effect of Accounting Change	33,800	-	-	-
Extraordinary Gain (Loss)	(39,469)	-	-	-
Net Income (Loss)	$ (41,915)	$ 1,130	$1,786,301	$ 4,628
Fund Equity - Beginning	296,011	108,350	6,907,661	147,740
Unrealized Gain on Investments	2,074	-	-	-
Capital Contributions this Year	256	3,617	-	(14)
Prior Period Adjustment	2,044	551	-	(81)
Fund Equity - Ending	$ 258,470	$113,648	$8,693,962	$152,273

TOTALS (MEMO ONLY)	
FISCAL YEAR ENDED JUNE 30, 1987	1986
$ 269,024	$ 265,812
(87,372)	(85,608)
$ 181,652	$ 180,204
$ 427,549	$ 420,573
13,834	13,685
546	1,166
435,460	363,135
64	103
14,751	15,725
2,301,158	2,128,099
63	140
6,498	11,559
(25,549)	(24,974)
(1,789)	(235)
-	-
(43,672)	(40,764)
$3,310,565	$3,068,416
$ 195,461	$ 183,560
159,186	136,083
383,230	320,804
471,821	476,722
287,548	260,890
16,791	16,037
16,847	14,216
$1,530,884	$1,408,312
$1,779,681	$1,660,104
$ 65,704	$ 62,652
(89,572)	(72,667)
$ (23,868)	$ (10,015)
$1,755,813	$1,650,089
33,800	539,737
(39,469)	-
$1,750,144	$2,189,826
7,459,762	5,275,799
2,074	-
3,859	1,055
2,514	(6,918)
$9,218,353	$7,459,762

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST
Sources of Working Capital				
Operations:				
Net Income (Loss) Before Extraordinary Items and Accounting Change	$(36,246)	$ 1,130	$1,786,301	$4,628
Items Not Requiring (Providing) Working Capital				
Depreciation	6,356	10,346	113	31
LT Compensated Absences	412	(98)	27	17
LT Claim Losses	–	1,675	–	–
Amortized Bond Discounts/Costs/Premiums	5,350	–	–	–
Donated Equipment	(24)	–	–	–
Loans Forgiven	(185)	–	–	–
Accreted Interest	2,759	–	–	–
Residual Equity Transfers	–	–	–	(14)
Total Provided by Operations Before Extraordinary Items and Accounting Change	$(21,578)	$13,053	$1,786,441	$4,662
Extraordinary Items and Accounting Change:				
Extraordinary Gain (Loss)	(39,469)	–	–	–
Accounting Change	33,800	–	–	–
Prior Period Adjustment	2,352	–	–	27
Other Sources				
Payables Reclassified to Long-Term	9,040	–	–	–
Contributed From Another Fund	250	3,617	–	–
Disposal of Property and Equipment	(50)	2,514	–	29
Sale of Bonds	331,000	–	–	–
Loan Proceeds	2,313	17,108	–	1
Loan Repayments	465,111	1,801	–	–
Other Miscellaneous	6	–	–	–
Revaluation of Investments	2,074	–	–	–
Increase in Loss Reserves	80,916	–	–	–
Loan Reductions - Foreclosures	109,516	–	–	–
Total Provided	$975,281	$38,093	$1,786,441	$ 4,719
Uses of Working Capital				
Investments Reclassified to Long-Term	$ 51,066	$ –	$ –	$ –
Bonds Reclassified as Current Liabilities	290,935	–	–	–
Retirement of Bonds	233,480	–	–	–
Loans Made	318,126	2,306	–	37
Construction of Buildings	6,342	–	–	–
Acquisition of Property and Equipment	4,828	31,645	451	81
Payment of Other Long-Term Liabilities	175	2,310	–	8
Other	3	–	–	–
Premium and Discounts on Bonds	13,361	–	–	–
Bond Expense	–	–	–	–
Loss on Foreclosed Property	289	–	–	–
Total Applied	$918,605	$36,261	$ 451	$ 126
Net Increase (Decrease) in Working Capital	$ 56,676	$ 1,832	$1,785,990	$ 4,593
Elements of Net Increase (Decrease) in Working Capital				
Cash and Investments	$275,041	$(6,422)	$1,770,017	$ 8,646
Receivables	20,154	12,721	33,652	(39)
Inventories	(506)	143	(10)	–
Prepaid Expenses	735	4	–	–
Payables	(245,182)	(4,590)	(17,669)	(4,051)
Trust and Agency Funds Payable	–	–	–	–
Deferred Income	6,434	(24)	–	37
Net Increase (Decrease) in Working Capital	$ 56,676	$ 1,832	$1,785,990	$ 4,593

TOTALS (MEMO ONLY) FISCAL YEAR ENDED JUNE 30, 1987	1986
$1,755,813	$1,650,089
16,846	14,216
358	420
1,675	-
5,350	(293)
(24)	(22)
(185)	(192)
2,759	3,462
(14)	-
$1,782,578	$1,667,680
(39,469)	-
33,800	2,680
2,379	-
9,040	-
3,867	422
2,493	1,403
331,000	1,113,644
19,422	8,619
466,912	407,075
6	1,807
2,074	526,637
80,916	95,983
109,516	104,933
$2,804,534	$3,930,883
$ 51,066	$ -
290,935	252,523
233,480	23,159
320,469	436,156
6,342	1,259
37,005	23,926
2,493	5,182
3	397
13,361	14,656
-	29,380
289	-
$ 955,443	$ 786,638
$1,849,091	$3,144,245
$2,047,282	$2,809,617
66,488	43,854
(373)	3,205
739	19
(271,492)	319,282
-	(33,463)
6,447	1,731
$1,849,091	$3,144,245

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY - ALL COLLEGE AND
UNIVERSITY FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	CURRENT FUNDS	FIDUCIARY FUNDS	PLANT FUNDS	TOTALS (MEMO ONLY) FISCAL YEAR ENDED JUNE 30, 1987	1986
Revenue					
Federal Revenue	$ 128,346	$ 407	$ 6,471	$ 135,224	$ 121,248
Charges for Services	325,089	-	2,628	327,717	307,348
Fines and Forfeitures	393	-	-	393	354
Rents and Royalties	660	1	-	661	635
Interest and Investment Income	4,245	1,600	7,117	12,962	11,934
Donations and Grants (Nonfederal)	42,793	739	5,612	49,144	41,115
Other Revenue	11,542	565	7,003	19,110	41,225
Total Revenue	$ 513,068	$ 3,312	$ 28,831	$ 545,211	$ 523,859
Expenditures					
Personal Services	$ 504,170	$ -	$ 96	$ 504,266	$ 463,891
Services and Supplies	201,426	212	13,231	214,869	196,542
Capital Outlay	34,948	-	32,806	67,754	47,673
Special Payments	43,241	-	-	43,241	43,829
Debt Service	286	-	16,445	16,731	15,177
Total Expenditures	$ 784,071	$ 212	$ 62,578	$ 846,861	$ 767,112
Excess (Deficiency) of Revenues Over Expenditures	$(271,003)	$ 3,100	$ (33,747)	$(301,650)	$(243,253)
Other Financing Sources (Uses)					
Transfers-in	$ 283,176	$ 1,715	$ 38,383	$ 323,274	$ 295,138
Transfers-out	(14,484)	(687)	(15,727)	(30,898)	(5,395)
Loan Repayments/ Bond Proceeds	-	-	14,350	14,350	6,815
Increase in Fixed Assets	-	-	69,059	69,059	41,109
Decrease in Long Term Liabilities	-	-	(5,675)	(5,675)	1,964
Total Other Financing Sources (Uses)	$ 268,692	$ 1,028	$ 100,390	$ 370,110	$ 339,631
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ (2,311)	$ 4,128	$ 66,643	$ 68,460	$ 96,378
Fund Equity Beginning	58,988	97,181	712,450	868,619	786,315
Prior Period Adjustment	-	-	-	-	(14,074)
Fund Equity - Ending	$ 56,677	$101,309	$ 779,093	$ 937,079	$ 868,619

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL FUND TYPES
BIENNIUM ENDED JUNE 30, 1987
(Expressed in Thousands)

	GENERAL FUND			
	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Income Taxes	$2,770,067	$1,347,606	$1,570,369	$147,908
Selective Sales and Use Taxes	140,245	66,561	68,092	(5,592)
Gross Receipts Business Taxes	88,457	44,462	52,918	8,923
Employer-Employe Taxes	-	-	-	-
Inheritance and Gift Taxes	44,200	25,937	34,711	16,448
Severance Taxes	4,152	1,991	1,968	(193)
Other Taxes	-	-	-	-
Business Licenses and Fees	10,690	5,347	5,473	130
Nonbusiness Licenses and Fees	21,477	11,385	13,739	3,647
Federal Revenue	-	97	101	198
Charges for Services	9,039	6,152	2,594	(293)
Fines and Forfeitures	25,608	12,479	9,742	(3,387)
Rents and Royalties	-	136	135	271
Interest Income	52,000	25,201	20,666	(6,133)
Sales Income	5,887	2,727	2,911	(249)
Donations and Grants (Nonfederal)	-	-	-	-
Contributions	-	-	-	-
Other Revenue	27,945	9,564	8,405	(9,976)
Total Revenue	$3,199,767	$1,559,645	$1,791,824	$151,702
Expenditures				
Personal Services	$ 552,592	$ 261,804	$ 287,032	$ 3,756
Services and Supplies	207,873	103,834	103,239	800
Capital Outlay	14,502	7,537	8,903	(1,938)
Special Payments	2,067,890	1,024,858	1,035,242	7,790
Debt Service	-	-	-	-
Total Expenditures	$2,842,857	$1,398,033	$1,434,416	$ 10,408
Excess (Deficiency) of Revenues Over Expenditures	$ 356,910	$ 161,612	$ 357,408	$162,110
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	59,548	29,593	28,099	(1,856)
Operating Transfers-out - Interfund	(519,563)	(249,209)	(268,809)	1,545
Transfers Out - Other	-	-	-	-
Transfers to Counties and Cities	-	-	-	-
Bond Sales/Loan Proceeds	-	-	-	-
Loan Repayments	-	436	11,299	11,735
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ (103,105)	$ (57,568)	$ 127,997	$173,534
Fund Equity Beginning		102,545	232,113	
Transactions Recorded During The Year But Charged to Prior Biennia				
Revenue		9,988	134	
Expenditures		(7,390)	(1,091)	
Activity not subject to budgetary guidelines:				
Revenue		-	-	
Expenditures		-	-	
Increase (Decrease) in Reserves				
Inventories		(1,040)	501	
Revolving Accounts		-	-	
Receivables		-	-	
Advances to Other Funds		56,179	919	
Other		11	12	
Depreciation and Amortization		-	-	
GAAP Reclassification of fund equity		123,727	(201,130)	
Net Increase in Investment in Plant		-	-	
Accounting Change		-	-	
Extraordinary Gain (Loss)		-	-	
Unrealized Gain on Investments		-	-	
Prior Period Adjustments		5,661	(48,185)	
Fund Equity Ending		$ 232,113	$ 111,270	

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			
1985–87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)	1985–87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
490,250	246,334	284,158	40,242	–	–	–	–
10,252	5,143	5,605	496	–	–	–	–
120,530	67,942	66,392	13,804	–	–	–	–
–	–	–	–	–	–	–	–
600	443	176	19	–	–	–	–
23,617	13,439	14,385	4,207	–	–	–	–
60,803	21,787	22,992	(16,024)	–	–	–	–
197,114	98,013	100,979	1,878	–	–	–	–
1,703,879	844,410	502,112	(357,357)	–	–	–	–
330,765	70,060	69,405	(191,300)	–	–	–	–
986	1,051	1,204	1,269	–	–	–	–
5,374	3,277	3,921	1,824	–	–	–	–
16,139	11,535	9,563	4,959	–	–	–	–
73,871	31,542	26,493	(15,836)	–	–	–	–
10,540	4,596	4,885	(1,059)	–	–	–	–
–	–	–	–	–	–	–	–
45,173	14,254	19,895	(11,024)	–	–	–	–
$3,089,893	$1,433,826	$1,132,165	$ (523,902)	$ –	$ –	$ –	$ –
$ 742,135	$ 357,860	$ 359,145	$ 25,130	$ –	$ –	$ –	$ –
1,104,717	412,787	411,752	280,178	–	–	–	–
47,242	15,588	27,726	3,928	–	–	–	–
1,237,620	535,797	576,230	125,593	–	–	–	–
–	–	4	(4)	6,476	2,961	3,507	8
$3,131,714	$1,322,032	$1,374,857	$ 434,825	$ 6,476	$ 2,961	$ 3,507	$ 8
$ (41,821)	$ 111,794	$ (242,692)	$ (89,077)	$ (6,476)	$ (2,961)	$ (3,507)	$ 8
964,795	702,278	890,002	627,485	6,476	5,934	8,619	8,077
(701,131)	(532,300)	(335,429)	(166,598)	–	(1,468)	(38)	(1,506)
(7,438)	(148,357)	(141,614)	(282,533)	–	–	–	–
(223,325)	(113,202)	(126,976)	(16,853)	–	–	–	–
–	–	561	561	–	–	–	–
12,300	6,216	10,477	4,393	–	–	–	–
$ 3,380	$ 26,429	$ 54,329	$ 77,378	$ –	$ 1,505	$ 5,074	$ 6,579
	252,019	436,008			30,856	28,507	
	(1,693)	2,695			–	–	
	3,924	(1,940)			–	–	
	698,527	748,844			18,022	14,512	
	(708,735)	(774,083)			(22,196)	(21,873)	
	2,874	146			–	–	
	96	304			–	–	
	25,676	507			–	(5,735)	
	980	11,592			–	–	
	–	15			–	–	
	–	–			–	–	
	(1,278)	(843)			–	–	
	–	–			–	–	
	137,098	(50,981)			320	(320)	
	–	–			–	–	
	–	–			–	–	
	91	(98,143)			–	98,118	
	$ 436,008	$ 328,450			$ 28,507	$118,283	

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL FUND TYPES
BIENNIUM ENDED JUNE 30, 1987
(Expressed in Thousands)

	CAPITAL PROJECTS FUND			
	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Income Taxes	$ -	$ -	$ -	$ -
Selective Sales and Use Taxes	-	-	-	-
Gross Receipts Business Taxes	-	-	-	-
Employer-Employe Taxes	-	-	-	-
Inheritance and Gift Taxes	-	-	-	-
Severance Taxes	-	-	-	-
Other Taxes	-	-	-	-
Business Licenses and Fees	-	-	-	-
Nonbusiness Licenses and Fees	-	-	-	-
Federal Revenue	7,658	386	994	(6,278)
Charges for Services	-	9	2	11
Fines and Forfeitures	-	-	-	-
Rents and Royalties	-	2	-	2
Interest Income	-	18	10	28
Sales Income	402	-	287	(115)
Donations and Grants (Nonfederal)	4,575	14	165	(4,396)
Contributions	-	-	-	-
Other Revenue	88	-	-	(88)
Total Revenue	$ 12,723	$ 429	$ 1,458	$(10,836)
Expenditures				
Personal Services	$ 485	$ 115	$ 295	$ 75
Services and Supplies	10,906	1,520	3,919	5,467
Capital Outlay	39,375	2,676	12,911	23,788
Special Payments	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	$ 50,766	$ 4,311	$ 17,125	$ 29,330
Excess (Deficiency) of Revenues Over Expenditures	$(38,043)	$ (3,882)	$(15,667)	$ 18,494
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	24,837	4,520	11,803	(8,514)
Operating Transfers-out - Interfund	(1,085)	(942)	-	143
Transfers Out - Other	-	-	-	-
Transfers to Counties and Cities	-	-	-	-
Bond Sales/Loan Proceeds	5,099	258	3,518	(1,323)
Loan Repayments	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ (9,192)	$ (46)	$ (346)	$ 8,800
Fund Equity Beginning		258	1,183	
Transactions Recorded During The Year But Charged to Prior Biennia				
Revenue		12,163	1,835	
Expenditures		(12,407)	(2,111)	
Activity not subject to budgetary guidelines:				
Revenues		-	24	
Expenditures		-	(24)	
Increase (Decrease) in Reserves				
Inventories		-	-	
Revolving Accounts		-	-	
Receivables		-	-	
Advances to Other Funds		-	-	
Other		-	-	
Depreciation and Amortization		-	-	
GAAP Reclassification of fund equity		1,034	-	
Net Increase in Investment in Plant		-	-	
Accounting Change		-	-	
Extraordinary Gain (Loss)		-	-	
Unrealized Gain on Investments		-	-	
Prior Period Adjustments		181	-	
Fund Equity Ending		$ 1,183	$ 561	

ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS			
1985–87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)	1985–87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
23,404	10,839	11,196	(1,369)	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
3,994	1,879	2,381	266	51	53	14	16
12	25	40	53	42	35	44	37
120	99	103	82	–	–	–	–
6,472	3,535	2,162	(775)	152,512	72,034	74,032	(6,446)
–	51	33	84	17	16	51	50
2,242	1,048	1,083	(111)	24,460	12,632	11,346	(482)
4,001	11,228	21,824	29,051	–	1	7	8
146,282	67,450	66,391	(12,441)	50,372	23,688	24,341	(2,343)
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
503	568	788	853	477	148	172	(157)
$187,030	$ 96,722	$ 106,001	$ 15,693	$227,931	$108,607	$110,007	$ (9,317)
$ 50,602	$ 23,668	$ 24,698	$ 2,236	$ 98,802	$ 45,754	$ 48,223	$ 4,825
45,486	20,437	21,781	3,268	58,313	27,021	25,968	5,324
2,551	903	1,817	(169)	15,848	7,722	10,689	(2,563)
42,411	1,635	7,719	33,057	–	–	–	–
–	–	498	(498)	–	–	–	–
$141,050	$ 46,643	$ 56,513	$ 37,894	$172,963	$ 80,497	$ 84,880	$ 7,586
$ 45,980	$ 50,079	$ 49,488	$ 53,587	$ 54,968	$ 28,110	$ 25,127	$ (1,731)
66,320	17,265	10,381	(38,674)	19,619	10,612	23,255	14,248
(76,863)	(53,793)	(62,887)	(39,817)	(20,836)	(9,358)	(59,918)	(48,440)
–	–	–	–	–	–	–	–
(51,198)	(15,853)	(15,053)	20,292	–	–	–	–
–	–	–	–	2,200	149	1,318	(733)
–	1,593	5,099	6,692	–	–	–	–
$ (15,761)	$ (709)	$ (12,972)	$ 2,080	$ 55,951	$ 29,513	$(10,218)	$(36,656)
	260,132	296,011			125,843	108,350	
	(5,517)	(14)			(2,711)	(8)	
	10,859	381			(3)	40	
	2,580,107	2,102,996			12,519	69,988	
	(1,954,358)	(1,836,059)			(35,301)	(58,602)	
	–	–			–	–	
	–	–			–	–	
	–	–			–	–	
	–	–			–	–	
	–	–			–	–	
	(5,163)	(6,366)			(9,275)	(10,386)	
	(640,334)	(283,956)			14,751	13,933	
	–	–			–	–	
	57,218	33,800			(26,292)	–	
	–	(39,469)			–	–	
	–	2,074			–	–	
	(6,224)	2,044			(694)	551	
	$ 296,011	$ 258,470			$108,350	$113,648	

The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL FUND TYPES
BIENNIUM ENDED JUNE 30, 1987
(Expressed in Thousands)

	TRUST AND AGENCY FUNDS			
	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Income Taxes	$ -	$ -	$ -	$ -
Selective Sales and Use Taxes	20,363	11,623	9,772	1,032
Gross Receipts Business Taxes	6,600	5,238	6,174	4,812
Employer-Employe Taxes	90,375	52,194	55,036	16,855
Inheritance and Gift Taxes	-	-	-	-
Severance Taxes	74,000	24,510	25,396	(24,094)
Other Taxes	1,720	871	979	130
Business Licenses and Fees	-	-	-	-
Nonbusiness Licenses and Fees	93	56	54	17
Federal Revenue	3,763	2,601	2,545	1,383
Charges for Services	2,173	99	75	(1,999)
Fines and Forfeitures	-	-	-	-
Rents and Royalties	3,405	1,726	1,927	248
Interest Income	509,743	1,506,644	1,667,126	2,664,027
Sales Income	31,858	17,236	7,859	(6,763)
Donations and Grants (Nonfederal)	70	3	3	(64)
Contributions	766,449	420,574	427,549	61,674
Other Revenue	588	1,978	2,414	3,804
Total Revenue	$1,531,200	$2,045,353	$2,206,909	$2,721,062
Expenditures				
Personal Services	$ 11,139	$ 4,861	$ 5,312	$ 966
Services and Supplies	8,323	3,197	3,517	1,609
Capital Outlay	836	109	550	177
Special Payments	3,763	1,480	521	1,762
Debt Service	-	-	-	-
Total Expenditures	$ 24,061	$ 9,647	$ 9,900	$ 4,514
Excess (Deficiency) of Revenues Over Expenditures	$1,507,139	$2,035,706	$2,197,009	$2,725,576
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	45,001	21,541	12,887	(10,573)
Operating Transfers-out - Interfund	(44,997)	(21,734)	(12,277)	10,986
Transfers Out - Other	-	(150)	(185)	(335)
Transfers to Counties and Cities	(192,482)	(93,034)	(96,088)	3,360
Bond Sales/Loan Proceeds	-	-	-	-
Loan Repayments	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$1,314,661	$1,942,329	$2,101,346	$2,729,014
Fund Equity Beginning		5,192,830	7,409,352	
Transactions Recorded During The Year But Charged to Prior Biennia				
Revenue		(8,025)	162	
Expenditures		(117)	(160)	
Activity not subject to budgetary guidelines:				
Revenues		571,366	595,915	
Expenditures		(782,116)	(795,335)	
Increase (Decrease) in Reserves				
Inventories		-	-	
Revolving Accounts		-	-	
Receivables		-	-	
Advances to Other Funds		-	-	
Other		1	-	
Depreciation and Amortization		(41)	(145)	
GAAP Reclassification of fund equity		(14,615)	(16,984)	
Net Increase in Investment in Plant		-	-	
Accounting Change		508,811	(120)	
Extraordinary Gain (Loss)		-	-	
Unrealized Gain on Investments		-	-	
Prior Period Adjustments		(1,071)	(108)	
Fund Equity Ending		$7,409,352	$9,293,923	

COLLEGE AND UNIVERSITY FUNDS				TOTALS (MEMO ONLY) BIENNIUM ENDED JUNE 30, 1987			
1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ -	$ 2,770,067	$ 1,347,606	$ 1,570,369	$ 147,908
-	-	-	-	674,262	335,357	373,218	34,313
-	-	-	-	105,309	54,843	64,697	14,231
-	-	-	-	210,905	120,136	121,428	30,659
-	-	-	-	44,200	25,937	34,711	16,448
-	-	-	-	78,752	26,944	27,540	(24,268)
-	-	-	-	25,337	14,310	15,364	4,337
-	-	-	-	75,538	29,066	30,860	(15,612)
-	-	-	-	218,738	109,514	114,856	5,632
104,790	26,500	28,301	(49,989)	1,820,210	874,093	534,156	(411,961)
379,201	186,825	190,329	(2,047)	880,162	338,714	338,599	(202,849)
-	304	334	638	26,611	13,901	11,364	(1,346)
-	-	-	-	35,481	18,821	18,412	1,752
328	1,536	1,613	2,821	582,211	1,556,163	1,720,809	2,694,761
-	-	-	-	308,672	142,643	128,282	(37,747)
14,131	3,163	5,665	(5,303)	29,316	7,776	10,718	(10,822)
-	-	-	-	786,449	420,574	427,549	61,674
55,178	6,514	(2,703)	(51,367)	129,952	33,026	28,971	(67,955)
$ 553,628	$ 224,842	$ 223,539	$(105,247)	$ 8,802,172	$ 5,469,424	$ 5,571,903	$ 2,239,155
$ 729,201	$ 344,725	$ 373,970	$ 10,506	$ 2,184,956	$ 1,038,787	$ 1,098,675	$ 47,494
192,807	94,596	104,497	(6,286)	1,628,425	663,392	674,673	290,360
170,604	25,466	46,816	98,322	290,958	60,001	109,412	121,545
19,322	12,123	10,603	(3,404)	3,371,006	1,575,893	1,630,315	164,798
10,695	5,483	5,111	101	17,171	8,444	9,120	(393)
$1,122,629	$ 482,393	$ 540,997	$ 99,239	$ 7,492,516	$ 3,346,517	$ 3,522,195	$ 623,804
$ (569,001)	$(257,551)	$(317,458)	$ (6,008)	$ 1,309,656	$ 2,122,907	$ 2,049,708	$ 2,862,959
550,695	281,345	306,869	37,519	1,737,291	1,073,088	1,291,915	627,712
-	(9,757)	-	(9,757)	(1,364,475)	(878,561)	(739,358)	(253,444)
-	-	-	-	(7,438)	(148,507)	(141,799)	(282,868)
-	-	-	-	(467,005)	(222,089)	(238,117)	6,799
3,880	-	-	(3,880)	11,179	407	5,397	(5,375)
15,284	6,319	6,803	(2,162)	27,584	14,564	33,678	20,658
$ 858	$ 20,356	$ (3,786)	$ 15,712	$ 1,246,792	$ 1,961,809	$ 2,261,424	$ 2,976,441
	786,315	868,619			6,750,798	9,380,143	
	12,588	4			16,793	4,808	
	(14,681)	(4,837)			(19,815)	(9,718)	
	311,476	321,670			4,192,017	3,853,949	
	(278,816)	(309,116)			(3,781,522)	(3,795,092)	
	-	-			1,834	647	
	-	-			96	304	
	-	-			25,676	(5,227)	
	-	-			57,159	12,511	
	2,924	-			2,936	27	
	-	-			(14,479)	(16,897)	
	(542)	1,141			(517,257)	(487,839)	
	43,073	63,384			43,073	63,384	
	-	-			677,155	(17,621)	
	-	-			-	(39,469)	
	-	-			-	2,074	
	(14,074)	-			(16,130)	(45,724)	
	$ 868,619	$ 937,079			$ 9,380,143	$11,161,684	

The notes to the financial statements are an integral part of this report.

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

1. Reporting Entity

The reporting entity of the State of Oregon includes all state agencies, universities, commissions, and boards for which the elected state officials have oversight responsibility. Oversight responsibility implies that the state officials have final decision-making authority, designate who will manage day-to-day operations of the governmental activity or program, and significantly influence the operations. The governmental unit is dependent upon the elected state officials for fiscal decisions relative to adoption of budgets and funding of deficits.

All functions, programs, and activities that are controlled by or dependent upon the legislative or executive branch of the State of Oregon are included in this report. This includes the State Court system and the Retirement system. This does not include the Oregon State Bar.

SAIF Corporation, a public corporation and its wholly-owned subsidiary SAIF Corporation of Oregon are included in this reporting entity as Enterprise Funds.

Commodity commissions were originally established for the purpose of expanding the markets for specific commodities. The Department of Agriculture, a state agency, has general supervisory authority over the commodity commissions. However, Oregon Revised Statues 576.311 exempts the commodity commissions from certain financial administration laws. Therefore, the financial information pertaining to agricultural commodity commissions is not included in this report.

The Economic Development Department, a state agency, has issued industrial development revenue bonds. Since industrial development revenue bonds are considered no-commitment long-term debt, the financial transactions relative to the bond activity are not included in this report.

The Public Employe Retirement System and Oregon State Fair and Exposition Center, component units of the State of Oregon, utilize a calendar year for accounting and reporting purposes. They are presented on a fiscal year basis in this report.

2. Basis of Presentation-Fund Accounting

The accompanying financial statements are prepared in conformity with generally accepted accounting principles (GAAP) applicable to state governments. The principal authority for accounting and reporting requirements in Oregon is the Executive Department through its Administrative Rules and the State Accounting Manual. The Department interprets the guidelines for financial reporting presented by the Governmental Accounting Standards Board, National Council on Governmental Accounting (NCGA) Statements and the AICPA's

industry audit guide, "Audits of State and Local Governmental Units-Revised" (ASLGU). Pronouncements of the Financial Accounting Standards Board (FASB) are also considered when applicable.

The financial transactions for the College and University Funds have been prepared in conformity with generally accepted accounting principles as prescribed by the National Association of College and University Business Officers (NACUBO) and are presented in a separate column of the financial statements as a discrete activity.

State government is operated based on fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording assets, liabilities, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions. Following are the funds presented in the financial statements.

Governmental Fund Types

(a) The General Fund accounts for ordinary operations financed by legislatively approved appropriations from general revenues and used for general governmental purposes. General Fund appropriations for debt service, capital construction projects, and colleges and universities are reported in the Debt Service Funds, the Capital Project Funds, and College and University Funds, respectively.

(b) Special Revenue Funds account for the proceeds of specific revenue sources or finance specified activities as required by law or administrative regulations. Special Revenue Funds are established to account for taxes, licenses, and other revenue allocated by law to specific general governmental purposes. These revenues are collected by an agency and either transferred to another agency to be expended for a specific purpose, or the revenues are expended by the collecting agency.

(c) Debt Service Funds account for the accumulation of resources for, and the payment of interest and principal on general governmental obligations that are included in the General Long-Term Debt Account Group. They include debt service provided by General Fund appropriations.

(d) Capital Project Funds account for financial resources segregated for the construction or acquisition of major capital facilities other than those financed by proprietary type funds and College and University Funds.

A Capital Projects Fund is established upon project or debt issue authorization by the Legislature. All expenditures necessary to bring the facility to a state of readiness for its intended purpose are reported as Capital Project Fund costs.

The Fund is accounted for

separately to meet budgetary requirements even though a proprietary type fund may own the assets. At June 30, the activity is capitalized in the General Fixed Assets Account Group or the appropriate proprietary type fund. Partially completed projects are included in the Construction in Process account. Upon completion of a project, the buildings, or other structures are recorded at cost.

Proprietary Fund Types

(e) Enterprise Funds account for the provision of goods and services to the general public where all or most of the costs involved are primarily paid in the form of charges to the users of such services. Among the many types of self-supporting activities financed through Enterprise Funds are insurance operations, fair operations, and liquor retailing operations. Issuance of revenue bonds to finance the activity is also indicative of the self-supporting nature of an activity accounted for through Enterprise Funds.

(f) Internal Service Funds account for the financing of goods and services provided by an agency on a cost-reimbursement basis to any other governmental unit, whether state, federal, or local. Activities handled through Internal Service Funds vary widely both as to type and complexity of operation. Among the types are those used to acquire and distribute items of inventory such as office supplies or gasoline; operation of motor pools, and duplicating and printing facilities. Other examples are purchasing, accounting, auditing, legal, and data processing services.

Fiduciary Fund Types

(g) A Trust Fund is established to account for assets received and held by an agency acting in the capacity of trustee or custodian. An Agency Fund is established to account for assets received by an agency in its capacity as an agent for individuals and other governmental units.

There are three types of Trust Funds: Expendable Trusts, Nonexpendable Trusts, and Pension Trusts.

College and University Funds

(h) The College and University Funds are established to account for:

(1) Current Funds - used to account for unrestricted funds over which the Board of Higher Education retains full control and are expendable for any purpose in performing the primary objectives of the Board; restricted funds, which consist of funds restricted by donors or outside agencies; and auxiliary funds which are self sustaining activities providing goods and services

to students, faculty, and staff.

(2) Fiduciary Funds - used to account for loan, endowment, and agency funds in which the institutions act in a fiduciary capacity.

(3) Plant Funds - used to account for unexpended plant funds, debt service, and plant investment.

General Fund appropriations partially finance all three funds.

Account Groups

(i) The General Fixed Asset Account Group is used to account for fixed assets acquired through governmental fund types. Fixed assets acquired through Enterprise, Internal Service Funds, certain Trust Funds, and College and University Funds are not general fixed assets, but are reported in the accounts of the acquiring fund.

(j) The General Long-Term Debt Account Group includes all general obligation bonds and general long-term liabilities relating to governmental type funds. These long-term liabilities include capital leases, contracts and notes, and compensated absences.

General obligation bonds are secured by the full faith and credit of the State and are not deemed to be the obligation of any specific fund.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The measurment focus, on the other hand, identifies what transactions and events should be recorded.

All proprietary-type funds are accounted for using the accrual basis of accounting and the flow of economic resources measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

All governmental-type funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. Their revenues are recognized when they become measurable and available. "Available" indicates collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Primary revenue sources susceptible to accrual are income taxes, excise taxes, and federal revenues. Taxpayer assessed taxes are considered "measurable" when the revenue is in the hands of intermediary collecting agents. Federal grant revenue is not recognized until the expenditure is recognized.

Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. An exception to this general

rule of expenditure recognition is: Principal and interest on general long-term liabilities are recognized when due.

Long-term receivables, net of uncollectibles, are included in the governmental-type funds. Loans and advances are reserved; other long-term receivables are deferred to future periods on the balance sheet.

Fixed assets of governmental-type funds are included in the General Fixed Assets Account Group. Long-term liabilities of governmental-type funds other than advances due to other funds are reported in the General Long-Term Debt Account Group.

The modified accrual basis of accounting has been utilized for expendable trust funds and agency funds. The pension trust funds and nonexpendable trust funds use the accrual basis of accounting.

The college and university funds are accounted for on an accrual basis of accounting with the following exceptions:

(a) Depreciation expense is not recorded.

(b) Revenues and expenditures of an academic term encompassing more than one fiscal year are reported in the fiscal year in which the program is predominantly conducted.

(c) Interest expense is recorded when the payment is made.

4. Budgetary Accounting

Agency budgets are approved by the Legislature biennially. Any increases in the budgets that may be necessary are approved by the Emergency Board of the Legislature during the interim. Legislatively approved appropriations are financed from general governmental revenues of the General Fund. Legislatively approved limitations are financed from general governmental revenues or revenues of self-supporting activities of Oregon. Appropriations and limitations lapse at the end of the biennium.

During the biennium, the Executive Department approves spending limits for each quarter. Each agency's actual expenditures are monitored daily against approved budgets, quarterly allotments, and cash balances.

Appropriated budgets include expenditure authority created by appropriation bills and related estimated revenues. All funds are subject to legislative approval. Nonappropriated budgets and some nonlimited financial activities are also subject to allotment control by the Executive Department.

Because of the budgetary control requirements placed on all funds, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual" includes all funds. Nonlimited revenues and expenditures are included in the reconciliation to GAAP section.

The basis of preparing budgets is consistent with the basis of accounting of the different fund groups except for the case of transactions relative to long-term receivables and payables in proprietary fund types. Those transactions are treated as revenues and expenditures for budgetary purposes.

Encumbrance accounting is allowed during the biennium, however encumbrances are not allowed at the end of a biennium. Services or supplies must be received prior to June 30 to be charged to the current budget. Any encumbrances outstanding at the end of the biennium except for those related to capital construction, capital improvements, and contested claims must be charged to the following period budget. The encumbrances for capital projects are discussed in the footnote on "Commitments and Contingencies".

The estimated encumbrances outstanding at June 30, 1987 by fund were as follows (amounts in thousands):

Capital Projects	$ 363
Higher Education	6,179
	$6,542

A reconciliation is included on the "Combined Statement of Revenues, Expenditures and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual". It reconciles the budgetary basis of accounting to the "Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds", "Combined Statement of Revenues, Expenditures, and Changes in Fund Equity - All Governmental Fund Types and Expendable Trust Funds", and "Combined Statement of Revenues, Expenditures, and Changes in Fund Equity - All College and University Funds", which present generally accepted accounting principles. The budget data presented includes amendments made as provided by law.

5. Investments

Equity investments of the Public Employe Retirement System and SAIF Corporation are currently carried at market value in accordance with Statements of Financial Accounting Standards No. 35 and 60, respectively. Future authoritative pronouncements may alter this presentation. Debt investments are stated at cost or amortized cost. It is generally the intention of the State to hold the debt security investments until maturity. Market values are stated, if available. (Note B)

6. Receivables

Receivables are shown net of an allowance for uncollectible accounts. Receivables included are amounts due representing revenues earned or accrued in the current period. Types of receivables included in this classification relate to taxes, interest, amounts due from the federal government or other governments, and amounts due resulting from the sale of goods or services.

7. Inventories

Inventories are primarily stated at cost utilizing the FIFO (first-in, first-out) costing method. Physical

inventories are required to be taken annually. In proprietary-type funds, the expense occurs when the inventory is used. In governmental-type funds, the expenditure occurs when the inventory is purchased and there is a reservation of the fund equity.

In the proprietary funds, inventories are usually defined as the cost of goods or property held for resale. Acquired properties are stated at the lower of cost or fair market value. Foreclosed property in the amount of $5,957 thousand is presented at a cost defined as the outstanding balance of the mortgage loan, plus major repairs, less any mortgage insurance payments received. In all other funds, inventories are considered the value of supplies on hand for use in the fund's operations.

8. Foreclosed and Deeded Properties

Properties acquired through foreclosure proceedings or by acceptance of deeds in lieu of foreclosure are recorded at the lower cost or fair market value. Foreclosed property in the amount of $51,066 thousands is presented at a cost defined as the outstanding principal balance of the mortgage loan or contract, plus accrued interest through date of foreclosure.

9. Fixed Assets

Fixed assets utilized in proprietary fund activities are reported in the appropriate proprietary fund because the fixed assets are used in the production of the goods or services provided and sold. Depreciation or amortization of these fixed assets is recorded to determine total expenses, net income, and whether the fund's capital has been impaired.

Fixed assets utilized in College and University Funds are reported in the fixed asset accounts of the fund. Depreciation is not taken on these fixed assets except for University Hospital.

Fixed assets utilized in Trust Funds are reported in the Trust Funds. Fixed assets other than those accounted for in the proprietary funds, College and University Funds, and Trust Funds are general fixed assets. General fixed assets belong to the state government as an instrumentality, and are not reported in the governmental funds. They may be acquired by gift or by expenditure from several sources and funds. General fixed assets are not depreciated and are reported in the General Fixed Assets Account Group.

Fixed assets are reported at cost or estimated cost if the original cost is not determinable. Donated fixed assets are reported at their estimated fair market value at the time received. Land costs include 1,432,606 acres of forest and other lands valued at one dollar per acre. Leased property is reported at the net amortized value.

Roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are normally immovable and of value only to the governmental unit. These "infrastructure" asset values, including the statewide highway system, are excluded from this report. Oregon's airports, however, are

included in the Land, Buildings and Improvements category.

Capital leases, where title to the property passes to the State, are included in the appropriate fixed asset class. The property is depreciated, if appropriate. In the cases where the capital lease title will not pass to the State, the Capital Leased Property account is used. The property is amortized, if appropriate.

The construction in process account represents the total expended to date on a capital project. If a governmental fund type will own the asset, the account is included in the General Fixed Assets Account Group. If another fund type will own the asset, the account is included in the fixed assets of the fund type.

Fixed assets costing less than $100 are expensed unless an agency has elected to include them in their property records for control purposes.

10. Depreciation and Amortization

The recording of depreciation or amortization of fixed assets of proprietary funds is included in those funds in this report.

Any generally accepted method of computing depreciation that an agency is recommended to use to meet requirements of the federal government or other organization for rate determination or cost recovery purposes is acceptable; otherwise, one of the two following methods is required:

(a) Straight-line Depreciation provides for the distribution of the cost evenly over the life of the fixed asset. Useful lives for buildings and related assets range from 20 to 50 years while useful lives of equipment and machinery range from 3 to 10 years.

(b) Working Hour Method which provides for the distribution of costs over the estimated useful hours or days of a piece of equipment.

Amortization is a systematic reduction of the intangible property value over the life of the property or period of the lease, whichever is shorter. Intangible assets include leasehold improvements, software, and capital leases where the lease does not provide for a change in ownership.

Interest incurred in capital construction projects is capitalized as a part of the cost of construction. The entire cost of the project, including interest, is capitalized at completion. Proprietary type funds depreciate such assets over the useful life while governmental type funds and college/university funds do not depreciate the asset.

Generally accepted accounting for college and university funds does not require depreciation or amortization of fixed assets. Depreciation is not recorded except at University Hospital.

11. Deferred Income

Deferred income represents amounts for which asset recognition criteria has been met but for which revenue recognition criteria has not been met.

Under the modified accrual basis of accounting, such amounts are measurable but not available. Long-term receivables of governmental fund types that are not loans or advances are deferred to future periods.

12. Accounting Changes

a. Special Revenue funds include Senior Citizen Tax Deferral loans previously reported in the General Long-Term Debt Account Group. This $50,981 thousand advance from the general fund is fully reserved.

b. The Secretary of State custodial activities reclassified long-term liabilities of $320 thousand from the General Long-Term Debt Account Group to the Debt Service Fund.

c. The SAIF Corporation has changed the method of valuing discounts which has an effect of increasing current period revenue by $33,800 thousand.

d. Fixed assets previously reported in Other Expendable Trust Funds have been reported this year in the General Fixed Assets Account Group. The effect on Fund Equity was $120 thousand.

13. Prior Period Adjustments

a. In the prior year's financial statements, the cash balance of the General Fund was not completely accounted for which affected the reported fund balance. The cash balance has been determined at June 30, 1987. A prior period adjustment of $48,185 thousand has been recorded to correct the fund balance.

b. A correction of an error for investments previously reported in the Special Revenue Fund that should have been reported in the Debt Service Fund for Natural Resources (Oregon Pollution Control) produced a prior period adjustment of $98,118 thousand. In addition, an error correction for Public Safety activities in the Special Revenue Fund resulted in a $25 thousand adjustment.

c. In Housing Division, Department of Commerce, a $3 thousand error correction involving interest accruals was made.

d. The correction of expenditures recorded in prior years resulted in a $311 thousand adjustment for State Lottery in Enterprise Funds.

e. Also in Enterprise Funds, State Accident Insurance corrected a $2,352 thousand error involving interest income allocations.

f. For Internal Service Funds, the following error corrections were made during the year (amounts in thousands):

Dept. of General Services	$(17)
Penitentiary Industries	673
Other Data Proc. Serv.	(120)
Miscellaneous	15

g. A correction to reclassify $27 thousand from Expendable to Nonexpendable Trusts was made. In addition, the Nonexpendable Trust for State Lands began depreciating fixed assets so prior period expenditures were adjusted by $108 thousand.

14. Elements of Fund Equity

A portion of the fund equity has been earmarked to indicate it cannot be used for expenditure of current resources in governmental fund types. Reserve accounts used for this segregation are Reserve for Inventories, Reserve for Receivables, Designated for Contingencies, Reserve for Advances to Other Funds, Reserve for Revolving Accounts and Other Reserves. No portion of the unreserved fund equity has been designated.

College and University fund equity has been earmarked as restricted and unrestricted. A detail listing of college and university fund equity follows:

(Expressed in Thousands)

Restricted:	
Endowment Reserves	$5,791
Endowments	9,692
Term Endowments	52
Quasi-Endowments	12,093
Governmental Loan Funds	66,413
Institutional Loan Funds	4,896
Net Investment in Plant	703,779
Fund Balance	90,080
Unrestricted:	
Quasi-Endowments	2,372
Fund Balance	41,911
Total Fund Equity	$937,079

15. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "memo only" to indicate that they are presented only for use in financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation of funds since interfund eliminations have not been reflected in these columns.

B. Cash and Investments

The State maintains a cash and investment pool that is available for use by all funds. The pool has deposits and other investments. Each fund's portion of this pool is summarized by fund type in the Combined Balance Sheet as Cash and Investments. Short and long-term investments are held by several of the State's funds. All investments are stated at amortized cost except certain real estate and the equity funds of the Public Employes Retirement Fund (PERF) and the equity funds of the Industrial Accident Fund (IAF) which are stated at market value. The PERF is included in Fiduciary Funds; IAF is part of Enterprise Funds.

The State Treasurer is the investment officer for the funds on deposit in the State Treasury. The State's investment policies are governed by State Statutes and the Oregon Investment Council. The State Treasurer may invest in any instrument which persons of prudence, discretion, and intelligence would invest in for their own account (the

prudent man rule). State moneys may be deposited in any trust company, bank or mutual savings bank or branch office in that capacity within the State. The State is authorized to use demand deposits and certificates of deposit. Common stock acquisitions, however, can only be made by PERF and IAF and are limited to 50% of the funds in the PERF and IAF funds. Common stock transactions must be handled by outside money managers who are under contract to the Investment Council.

Some investments are made directly by a state agency rather than by the investment officer. Only a few agencies are authorized to make such investments and then only for certain specific programs.

The State Treasurer maintains an investment pool for local governments. Moneys deposited are comingled with State Funds' cash determined to be in excess of immediate needs and invested in short-term, high liquidity investments. The local governments investments are not included in this report.

Deposits. At June 30, 1987, the state had $138,868 thousand on deposit with financial institutions. Of this amount, $38,920 thousand was covered by federal deposit insurance or by collateral held by the state's agent in the state's name, $77,980 thousand was covered by collateral held in the pledging bank's trust department in the state's name, and $21,968 thousand was uninsured and uncollateralized.

In addition, there is $40,545 thousand cash on deposit at Chase Manhattan Bank in London for the accounts of the International Fund investment managers. These deposits, which are both in foreign currencies and U.S. dollars, are backed by the faith and credit of Chase Manhattan Bank. Although most of the deposits are in interest bearing accounts, they are neither collateralized or insured. the size of the deposits varied throughout the year, depending on the cash requirements of the International Fund investment managers conducting equity trades in the international marketplace.

Investments. The state's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the state or its agent in the state's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the state's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the state's name.

STATE OF OREGON

INVESTMENTS AS OF JUNE 30, 1987

(Expressed in Thousands)

	Risk Category 1	2	3	Carrying Amount	Market Value
Gov't Securities	$ 2,623,784	$ 58,626	$ -	$ 2,682,410	$ 2,723,313
Common Stock	5,006,158	-	37,000	5,043,158	8,840,521
Canadian Bonds	137,963	-	-	137,963	141,492
Bankers acceptances	98,246	-	-	98,246	98,246
Real Estate Mortgages	554,265	-	-	554,265	555,148
Commercial Paper	1,303,100	-	-	1,303,100	1,303,100
Corporate Bonds	1,821,719	-	-	1,821,719	1,896,311
Repurchase Agreements	-	60,726	295	61,021	61,021
International Equities	635,768	-	-	635,768	635,768
Other	263,564	656	15,340	279,560	282,334
	$12,444,567	$120,008	$ 52,635	$12,617,210	$16,537,254
Unclassified:					
Real Estate				251,789	251,789
Levereged Buy Out				220,732	220,732
Venture Capital				63,972	63,972
Total Investments				$13,153,703	$17,073,747

In October, 1987, the stock market had a substantial decline which has been partially regained in subsequent months. This decline is not considered permanent.

Repurchase Agreements. Repurchase agreements are a purchase of securities with a simultaneous agreement to resell those same securities in the future at the same price plus a contract rate of interest. At June 30, 1987, the Housing Division, Department of Commerce, held $60,726 thousand and IAF held $295 thousand in repurchase agreements. In addition, these investments are made throughout the year for short periods of time.

Reverse Repurchase Agreements. Reverse repurchase agreements are a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities underlying reverse repurchase agreements normally exceeds the cash received to provide the dealers with a margin against a decline in market value of the securities. If the dealers default on their obligations to resell these securities to the state or provide securities or cash of equal value, the state would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. At June 30, 1987, there were no holdings of reverse repurchase agreements, but occassionally throughout the year these investments can be made for short periods of time.

Securities Lending Agreements. The state participates in securities lending agreements whereby securities are loaned to broker/dealers for a fee. The borrowing broker/dealers pledge and maintain collateral. An economic loss could occur if there was a default or if the obligation value exceeded the collatered value. At June 30, 1987, the market value for the securities loans was $623,345 thousand and the related collateral was $652,665 thousand.

C. Restricted Assets

Cash and investments of $160,330 thousand are restricted by various bond indentures for revenue bonds and $648,230 thousand are restricted by various bond indentures for general obligation bonds of Enterprise Funds.

D. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

(Expressed in Thousands)

	June 30, 1986	Increases	Decreases	June 30, 1987
Land	$175,210	$ 9,999	$51,640	$133,569
Buildings	150,196	22,070	9,812	162,454
Improvements	18,209	31,233	61	49,381
Leasehold Improvements	1,080	1,466	22	2,524
Capital Leased Property	35	33	-	68
Construction in Process	12,889	15,121	15,423	12,587
Equipment and Machinery	210,166	42,877	10,996	242,047
Data Processing Software	1,139	1,289	3	2,425
Total	$568,924	$124,088	$87,957	$605,055

E. Summary of Proprietary Fund Fixed Assets

A summary of proprietary fund fixed assets at June 30, 1987, follows:

	(Expressed in Thousands)	
	Enterprise	Internal Service
Land	$ 1,582	$ 308
Buildings	64,149	67,235
Improvements	5,372	6,020
Leasehold Improvements (Net)	165	542
Capital Leases (Net)	228	896
Construction in Process	6,863	5,286
Equipment and Machinery	31,393	76,814
Data Processing Software (Net)	10	212
Less: Allowance for Depreciation	(50,744)	(54,109)
Total	$59,018	$103,204

F. Summary of College and University Fund Fixed Assets

A summary of college and university fund fixed assets at June 30, 1987 follows:

	(Expressed in Thousands)
Land	$ 23,537
Buildings	455,808
Improvements	27,416
Construction in Process	21,098
Equipment and Machinery	262,459
Data Processing Software	2,899
Library holdings	95,303
Less: Allowance for Depreciation	(39,416)
Total	$849,104

G. Tax Refund Payable

The balance sheet for the General Fund includes as a payable $227,518 thousand which represents General Fund revenue collected during the 1985-87 biennium in excess of the Legislature's approved amount. This amount will be returned to both personal and corporate taxpayers in the form of a tax credit when income tax returns are filed in 1988.

H. Pension Plan for State Employes

1. Plan Description. The Oregon Public Employes Retirement System (PERS) is a statewide defined benefit retirement plan for units of state government, political subdivisions, community colleges, and school districts, administered in accordance with Oregon Revised Statutes Chapter 237 by the Public Employes Retirement Board. PERS is a plan consisting of a cost sharing multiple employer system for state agencies, community colleges and school districts and an agent multiple-employer system for political subdivisions. Participation by units of state government, school districts and community colleges is mandatory whereas participation by most political subdivisions is optional but irrevocable if elected. Smaller pension plans exist for certain judges and the employes of higher education institutions, but the amounts are not material.

   The total payroll for the year ended June 30, 1987 was $594,425 thousand. Substantially all employes are covered because after six months trial service with the state, all employes must belong to PERS. The Oregon PERS collects contributions from both employers and employes for the purpose of funding retirement benefits. Each employe contributes 6% of their salary. The employe's share is either deducted from their salary or is "picked up" by the employer. The system covers approximately 130 thousand State and local government Oregon employes and 48 thousand retired employes or their beneficiaries.

2. Plan Benefits. The PERS retirement allowance, payable monthly for life, may be selected from seven retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is a percentage (1.67% for general employes and 2.00% for police and fire employes) of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. A member will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police anf fire members). General employes may retire after reaching age 55. Police and fire members

are eligible after reaching age 50. Members with 30 years of service receive unreduced benefits. General employe benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 or 25 years of service.

Upon the death of a non-retired PERS member, the beneficiary receives a lump sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance under certain circumstances. A member's spouse, if named as the beneficiary, may elect to receive a monthly payment for life instead of the lump sum.

A PERS member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes receives a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, the member is entitled to receive the same monthly benefit he or she would have received had he or she worked in PERS-covered employment to age 60 (55 for police and fire members).

Monthly benefits are adjusted annually for cost of living changes. Two percent per year is the maximum cost of living adjustment. Periodically, the Oregon Legislative Assembly approves legislation granting ad hoc increases to post retirement benefits.

3. Funding Status and Progress. The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employe service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess statewide PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS. The measure is independent of the actuarial funding method used to determine contributions to the PERS.

The December 31, 1985 actuarial valuation of the system reported that the present value of accrued benefits for all unretired members is fully funded and the present value of projected benefits to be earned in future years by present members is not fully funded. These two segments represent the unfunded supplemental present value which is the amount by which the accumulated entry age costs

for all unretired members of the System exceed the assets available to meet benefit commitments. In determining the pension benefit obligation, the actuary used the following assumptions (a) 7.5% annual rate of return, compounded annually, on the investment of present and future assets, (b) projected annual salary increases attributed to seniority/merit, and (c) post retirement benefit increases of 2 percent compounded annually. The total unfunded actuarial liability of the system is $632,300 thousand as follows (in thousands):

Pension benefit obligation:

Retirees and beneficiaries currently receiving benefits and terminated employes not yet receiving benefits	$2,202,100
Current employes -	
Accumulated employe contributions including allocated investment earnings	1,760,600
Employer-financed vested	2,330,600
Employer-financed nonvested	163,200
Total pension benefit obligation	6,456,500
Less net assets available for benefits, at book value	5,824,200
Unfunded pension benefit obligation	$ 632,300

4. Actuarially Determined Contribution Requirements and Contributions Made. PERS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as a level percentage of annual covered payroll, coupled with employe contributions, are sufficient to accumulate sufficient assets to pay benefits when due. Amounts actually contributed by the state were in accordance with actuarially computed funding requirement determinations consisting of three components: a normal cost rate, an unfunded actuarial accrued liability contribution rate, and a rate for ad hoc increases. The employer contribution rate for state agencies will remain at 10.59% through 1987. The employer contribution rate will be 10.22% beginning on January 1, 1988. The employer contribution for the fiscal year 1987 was $95,717 thousand.

The following significant assumptions were used in the

actuarial valuations as of December 31, 1985: (1) a rate of return on the investment of present and future assets of 7.5 percent per annum compounded annually; (2) projected salary increases of 6 percent per year compounded annually due to annual salary increases plus increases due to promotions and longevity; (3) pre- and post-mortality life expectancies of participants based upon several mortality tables, (4) rates of withdrawal from active service before retirement for reasons other than death, rates of disabilities, and expected retirement ages developed on the basis of actual plan experience; (5) rates for extra liabilities resulting from the grandfathering of former plan benefits; (6) and a factor for unused sick leave that is used to increase the final average salary used to calculate retirement benefits.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed above except that the PERS actuarial valuation includes an additional liability for the actuarial present value of benefits to be earned from future service by current employes.

In 1981, the State went to a formula pension. The method used in the valuation is called the "entry age actuarial cost method." Under the entry age actuarial cost method, the normal costs for a member are assumed to be paid from hire to retirement, death or termination of employment. They are also assumed to earn interest as they accumulate as part of the fund. This method produces an employer contributions rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employes during the current service year) and (2) an amount for amortization of the unfunded actuarial accrued liability over a period of 30 years ending in 2005.

5. Trend Information. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, but is not currently available in the Public Employes Retirement System's annual financial report. The following data is available for fiscal year 1985 (amounts in thousands):

Net Assets Available for Benefits	$5,824,200
Pension Benefit Obligation	6,456,500
Percentage Funded	90.2
Unfunded Pension Benefit Obligation	632,300
Annual Covered Payroll	2,489,800
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	25.4

I. Deferred Compensation

A deferred compensation program was authorized under Internal Revenue Code Section 457 and ORS 243.400 to 243.495. It is a benefit available to all state employes wherein they may execute an individual agreement with the state for amounts earned by them to be paid at a future date. Participants in the program are not required to pay federal and state income taxes on the deferred earnings until it is received. Participants cannot receive the funds until certain circumstances are met. These circumstances are termination by reason of death; disability; resignation; or retirement. Payments to participants may be made over a period not to exceed the life expectancy of the participant and/or spouse. Employes of higher education institutions can opt to participate in external deferred compensation plans that are not included in this discussion.

Moneys accumulated by the State under its deferred compensation plan have been transferred to the Executive Department for deposit with various financial institutions and insurance companies. These deposits are not subject to the collateral requirements of Oregon Law. Moneys accumulated by the State under the deferred compensation program represent a general liability of the State to its employes whose rights are equal to but not greater than the rights of other general creditors with respect to such amounts.

The deferred compensation activity is included in Agency Funds. The investments are valued at market and total $76,866 thousand at June 30, 1987.

J. Compensated Absences

It is the State's policy to record the cost of employe leave at the time the leave is paid. Employe leave includes vacation leave, sick leave, compensatory time, and personal leave.

Only vacation leave and some compensatory time meet the criteria to qualify for compensated absences disclosure:

1. The employe's right to receive compensation is based on services already rendered;

2. Rights are vested and accumulate;

3. Payment of the compensation is probable; and

4. The amount can be reasonably estimated.

The liability for compensated absences is calculated by each agency based on current salary costs and a cost of living increase as of July 1, 1987. The total liability is $48,531 thousand.

K. Short-Term Debt

At June 30, 1987, Veteran's Affairs tax notes payable represents $185,000 thousand in State of Oregon, General Obligation, Veterans' Tax Notes Series 1985, dated November 1, 1986, and due October 30, 1987. The tax notes were issued at an average interest cost of 4 percent. The tax notes were issued in order to provide funds to the Department and to make property tax payments to the counties of the State on behalf of the Department's mortgages.

L. Long-term Debt

STATE OF OREGON
SUMMARY OF CHANGES IN BONDED DEBT
OUTSTANDING
(Expressed in Thousands)

	BONDS OUTSTANDING JULY 1, 1986	DEBT INCURRED THIS YEAR	DEBT REDUCED THIS YEAR	BONDS OUTSTANDING JUNE 30, 1987
General Obligation Bonds				
General Fund Obligations				
Community College Bonds	$ 32,300	$ -	$ 1,520	$ 30,780
Higher Education Facilities Bonds	54,845	-	2,559	52,286
Pollution Control Bonds	129,300	-	8,125	121,175
Total General Fund Obligations	$ 216,445	$ -	$ 12,204	$ 204,241
Dedicated Fund Obligations				
Oregon Veterans' Welfare Bonds	$5,814,203	$300,000	$459,160	$5,655,043
Higher Education Project Bonds	83,229	14,350	5,841	91,738
Oregon State Highway Bonds	33,700	-	3,300	30,400
Elderly Housing Bonds	98,005	-	460	97,545
Water Resources Bonds	24,106	-	993	23,113
Alternate Energy Bonds	106,680	24,500	1,880	129,300
Total Dedicated Fund Obligations	$6,159,923	$338,850	$471,634	$6,027,139
Total General Obligation Bonds	$6,376,368	$338,850	$483,838	$6,231,380
Revenue Bonds				
State Fair Bonds	-	6,500	-	6,500
Housing Bonds	507,870	-	22,780	485,090
Total Revenue Bonds	$ 507,870	$ 6,500	$ 22,780	$ 491,590
Total Obligation	$6,884,238	$345,350	$506,618	$6,722,970

Included in long-term debt is $740,000 thousand general obligation demand bonds backed by the full faith and credit of the State of Oregon. The application of the bond proceeds is as follows:

(Expressed in thousands)

$ 86,200	Payment of maturing principal of outstanding bonds of the State, together with accrued interest thereon.
74,000	Deposit to Debt Service Reserve Account of the Sinking Fund.
360,000	Funding of interest on outstanding bonds of the State coming due within 12 months of date of issue of the bonds.
180,000	Payment of notes issued by the State to fund payment of veterans' property taxes.
29,700	Payment to secure interest rate protection for the State.
10,100	Issuance costs, including underwriters' discount.
$740,000	

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. In the event bonds cannot be remarketed, they will be purchased with funds from an irrevocable letter of credit. Under irrevocable letters of credit issued by eight Japanese Banks, the Fiscal Agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it and 210 days of interest. The letters of credit are valid through December 19, 1995, and carry variable interest rate. The letters of credit may be extended upon the mutual agreement of the parties involved. The principal amount of drawings made to pay the purchase price of tendered bonds that have not been remarketed is required to be repaid on or before the earliest of (a) the tenth anniversary of the date of the drawing, (b) the second anniversary of the termination of such Credit Bank's Letter of Credit, or (c) the date on which a Letter of Credit Event of Default has occurred. Additionally, upon the remarketing of any bonds held by a Credit Bank, the remarketing

proceeds shall be paid over to the Credit Bank in repayment of the drawing made on the Credit Bank's Letter of Credit in respect of such bonds.

A commitment fee of 11/16 of 1 percent on the series commitment amount and an agent fee of $25 thousand is required to be paid semiannually for the letter of credit.

No-commitment long-term debt refers to revenue bond debt issued to finance public purpose expenditures intended for beneficial ownership by private entities. Such debt bears the name of the State but is secured solely by the credit of the private entity and usually is serviced and administered by a trustee independent of the State. No-commitment long-term debt issued by the Economic Development Department $222,513 thousand are not included in the financial statements.

On October 11, 1983, Water Resources $16,115 thousand bond issue was defeased. Securities necessary to retire the bonds were purchased and in the hands of a trustee at that date.

In October 1985, Tri-County Metropolitan Transportation District issued $33,550 thousand bonds to defease all bonds previously issued by Oregon Mass Transportation Financing Authority.

In July, 1985, the Department of Higher Education issued $11,925 thousand in general obligation advance refunding bonds to advance refund $11,390 thousand of series 1982A bonds. In August 1978, outstanding bonds were defeased. At June 30, 1987, the following outstanding bonds were considered defeased:

XI-G 1975F	$ 1,305 thousand
XI-F(1) 1975 A	1,390 thousand
XI-F(1) 1975 C	5,840 thousand
XI-F(1) 1982 A	10,975 thousand

The money from the sale of the advance refunding bonds was placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The amount of such purchases including their interest rates and maturity dates has provided funds to pay the interest and principal when due on the refunded bonds to and including the dates irrevocably fixed for redemption and to pay the principal amounts of the refunded bonds to be redeemed on such irrevocable redemption dates.

On June 10, 1987, the Department of Veteran's Affairs $231,600 thousand general obligation bond issue was refunded and defeased by issuing $300,000 thousand general obligation bonds. The money from the sale was used to purchase U.S. government securities which were placed in an irrevocable trust to provide for future debt service payments on Series 65 and Series 67 bonds. See also Note U.

Series 73 bonds with Department of Veteran's Affairs have a maturity value of $740,000 thousand. Because they have variable interest rates, the interest requirements are included at an assumed interest rate of 4.75 percent. For each change of 1 percent in Series 73 interest rate, annual interest requirements would change by approximately $7,400 thousand.

STATE OF OREGON
SUMMARY OF GENERAL OBLIGATION BOND DEBT SERVICE

(Expressed in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIRED
1988	$ 259,099	$ 428,340	$ 687,439
1989	253,622	417,825	671,447
1990	265,952	403,574	669,526
1991	288,376	387,974	676,350
1992	289,245	368,631	657,876
1993-97	1,535,367	1,538,602	3,073,969
1998-2002	1,151,397	1,023,465	2,174,862
2003-07	799,981	640,828	1,440,809
2008-12	489,910	388,023	877,933
2013-17	581,536	196,981	778,517
2018-22	299,515	34,021	333,536
2023-27	17,380	2,983	20,363
TOTALS	$6,231,380	$5,831,247	$12,062,627
Accreted Interest	1,842		
Bond (Discount) Premium	(10,780)		
Total Liability	$6,222,442		

STATE OF OREGON
SUMMARY OF REVENUE BOND DEBT SERVICE

(Expressed in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIRED
1988	$ 20,635	$ 37,883	$ 58,518
1989	20,545	36,564	57,109
1990	20,310	35,164	55,474
1991	20,470	33,716	54,186
1992	20,280	32,220	52,500
1993-97	105,392	141,342	246,734
1998-2002	70,811	131,069	201,880
2003-07	106,696	98,296	204,992
2008-12	92,565	94,106	186,671
2013-17	13,746	83,903	97,649
2018-22	140	2,833	2,973
TOTALS	$491,590	$727,096	$1,218,686
Accreted Interest	6,182		
Bond (Discount) Premium	(614)		
Total Liability	$497,158		

M. Interfund Receivables and Payables

A summary of interfund receivables and payables at June 30, 1987, follows:

(Expressed in Thousands)

	Receivables	Payables
General Fund	$ 30,142	$ 53,544
Special Revenue Funds	57,934	63,675
Debt Service Funds	247	-
Capital Projects Funds	602	91
Enterprise Funds	755	21,540
Internal Service Funds	187	181
Trust and Agency Funds	29,858	7,675
College and University Funds	27,191	210
Total	$146,916	$146,916

N. Advances to/from Other Funds

Advances are noncurrent loans within the reporting entity. The State of Oregon has arranged various advances between funds and account groups:

	(Expressed in Thousands) Advances to Other Funds	Advances from Other Funds
General Fund	$57,098	$ -
Special Revenue Fund	829	52,641
Debt Service Fund	-	203
Enterprise Fund	4,905	5,265
Internal Service Fund	1,611	4,740
Trust and Agency Fund	-	7
General Long-Term Debt	-	1,587
	$64,443	$64,443

Analysis of the advances within the General Long-Term Debt Account Group indicates that only the Special Revenue Fund participated.

The General Fund has advanced to the Special Revenue Fund $50,981 thousand for the Senior Citizens Tax Deferral Program. To date no provision has been made to settle this advance. In addition, interest of $13,340 thousand has accrued. Because plans have not been made to repay the advance, the interest liability has not been included in the report.

O. Insurance

The Risk Management Division, Department of General Services administers property and casualty insurance programs for state agencies. The following statewide insurance coverages are provided to all state agencies:

The Insurance Fund established under ORS Chapter 278 provides insurance for loss or damage to state property caused by specified perils. A commercial reinsurance policy with limits of $100 million provides financial stability to the Fund in the event of catastrophic losses.

The Insurance Fund also provides insurance for Tort liability claims brought against the state and its officers, employes and agents under ORS 30.260 to ORS 30.300. Insurance coverage is also provided by the Fund for vehicle liability arising out of the use of owned, leased or controlled vehicles.

The Insurance fund liabilities are reported using the full cost valuation method.

ORS 30-270 limits the liability of the state and its officers, employes and agents to:

1. $50,000 to any claimant for any number of claims for damage to or destruction of property, including consequential damages arising out of single accident or occurrence.

2. $100,000 to any claimant for all other claims arising out of a single accident or occurrence.

3. $300,000 for any number of claims arising out of a single accident or occurrence.

All employes, including elected officials and members of boards and commissions, are covered under a blanket honesty and faithful performance bond. The current bond provides indemnity limits of $5 million per occurrence.

The Department of General Services administers the procurement of workers' compensation insurance for the state from SAIF Corporation.

Various specific commercial insurance policies are purchased when an agency has a particular insurance requirement not covered by the Insurance Fund.

The long-term liabilities of the Insurance Fund include $18,137 thousand in reported insurance claims, unreported (but anticipated) claims, and legal expense relative to the claims. The estimates for unreported claims were determined using historical data.

P. SAIF Claim Loss Liability

The liability for claim and claim adjustment expenses is based on past experience (except for certain awarded claims which are determined on a case basis) and includes provision for reported claims, claims incurred but not reported, and claims that are currently considered to be closed but which experience indicates will be reopened.

SAIF follows the practice of discounting certain claim reserves to their present value. Reserves so discounted include only those of a long-term nature wherein the future payment amounts are reasonably fixed and/or determinable and those where the amounts and timing of future payments can be determined with reasonable confidence. SAIF followed the reserving methodology of discounting all indemnity at 7 percent. This is a change in method from that used in 1985 when the practice was to discount permanent total disability and fatal claims already receiving benefits at 7 percent and all other indemnity at 3.5 percent.

Q. Segment Information for Enterprise Funds

(Expressed in Thousands)

	COMMERCE HOUSING	VETERANS' AFFAIRS	STATE HOSPITALS	STATE LOTTERY	LIQUOR COMMISSION	ENERGY	WATER RESOURCES	PUBLIC WORKS	STATE ACC. INSURANCE	OTHER
Primary Type of Service	Make Loans	Make Loans	Patient Care	Ticket Sales	Liquor Sales	Make Loans	Make Loans	Make Loans	Insurance Sales	Misc.
Operating Revenue	$ 56,066	$ 426,421	$57,602	$101,081	$77,518	$ 12,053	$ 1,335	$ 572	$ 334,609	$10,578
Depreciation and Amortization Expense	731	653	1,917	299	287	5	2	5	2,057	400
Operating Income (Loss)	36	(16,328)	(41,613)	32,445	41,502	626	(802)	(2,365)	(26,366)	890
Federal Revenue	424	-	-	-	-	-	-	-	-	122
Operating Transfers-In (Out)	(241)	-	43,494	(33,569)	(40,817)	-	-	3,732	-	3,130
Tax Revenues	-	-	-	-	11,196	-	-	-	-	-
Net Income (Loss)	(205)	(81,197)	1,881	(1,124)	685	626	(802)	1,367	32,834	4,020
Plant, Property, and Equipment										
Additions	5	375	1,555	290	1,211	3	1	19	2,105	5,612
Deletions	-	17	11	79	338	-	-	-	(474)	(51)
Net Working Capital	128,986	764,288	11,638	(4,844)	16,190	17,819	5,515	9,135	1,107,420	17,209
Total Assets	662,544	5,886,534	41,006	16,355	37,211	156,461	23,163	12,213	1,194,936	41,557
Bonds and Other Long-Term Liabilities Payable from Operations	535,236	5,416,093	3,123	123	202	123,856	22,008	3	929,322	9,404
Total Fund Equity	47,715	(72,609)	29,376	(3,384)	19,341	731	(533)	11,833	196,367	29,633

R. Commitments and Contingencies

1. Capital Projects

Commitments as of June 30, 1987 were approximately $6,874 thousand. College and University Fund capital project commitments at yearend totaled $33,163 thousand.

Some of the buildings such as the one occupied by the Employment Division, were either paid for or were leased utilizing, at least in part, federal funds which may create a federal equity in the property. Any federal equities in the State's fixed assets cannot be determined at this time and are not reflected in this report.

2. Leases

Financial reporting and accounting procedures differ between operating leases and capital leases. Operating leases are rental agreements, and payments are chargeable as rent in the services and supplies expenditure category. Capital leases are treated similar to purchases on contract. The property is capitalized at the present value when the lease is incurred and a corresponding liability is recorded.

If the Oregon Legislature should disallow the necessary funding for particular leases, all lease agreements contain termination clauses which provide for cancellation of the lease at the end of a fiscal year.

The liability for capital leases of real property is included in the financial report.

The State has entered into various leases for real property and personal property.

Personal property operating leases and capital leases are incurred at the agency level. Payment information for leases of personal property was not determinable at the time of this report.

The minimum future lease payments of real property for the next five years are (amounts in thousands):

	Capital Leases	Operating Leases	Annual Total
Fiscal year ending:			
June 30, 1988	$ 403	$1,966	$2,369
June 30, 1989	271	1,095	1,366
June 30, 1990	191	828	1,019
June 30, 1991	191	670	861
June 30, 1992	173	497	670
Total	$1,229	$5,056	$6,285

Lease obligations decrease each year because of lease expirations. It is expected these leases will be replaced with leases which have higher rental rates due to inflationary pressures.

3. Unemployment Benefits

State departments are subject to the Department of Employment Act. State employes who qualify are entitled to benefit payments during periods of unemployment. Each state department is required to reimburse the Employment Division for benefit payments made to their former employes. There appears to be no practical method of estimating the amount of future benefit payments which may be made to former employes for wage credits earned prior to June 30. Consequently, this potential obligation is not included in the accompanying financial statements. However, the total expenditure for the year is $4,000 thousand.

4. Pending Litigation

Pending Litigation as of June 30, 1987, that exceeded $22,000 thousand individually included:

a. Eckles v. State - This case contends that the $81,000 thousand transfer from the Industrial Accident Insurance Fund to the General Fund was illegal. The Trial and Appeals courts found in favor of the state, but the Oregon Supreme Court has not yet ruled. The possibility of an adverse result is remote.

b. Metropolitan Life Insurance Co. and Others - Out of state insurance companies filed petitions seeking rulings from the Oregon Insurance Commissioner that they were entitled to refunds on taxes paid on gross premiums. The possible liability is $22,700 thousand.

c. Shaw v. PERB - The case involves alleged unfair retirement benefit awards and is in preliminary stages. An adverse ruling could increase the benefit formula for many state employes. At this time it is not possible to determine the probability of an adverse ruling, but the effect could increase annual employer contributions $106,400 thousand through the year 2005.

Additional pending litigation that could have a significant operational effect ($1,000 thousand per year) over time if found for the plaintiff included the following:

d. Grant County Federal Credit Union v. Hatch v. DVA - Plaintiff challenged the legal authority of the Department of Veterans Affairs to assign its mortgages when marketing its portfolio.

e. United States v. Oregon - The U.S. Department of Justice contends that conditions at Fairview are unconstitutional. The outcome of this case could

also affect a related investigation at the Eastern Oregon Training Center.

5. Loss Contingency

a. Loss contingency is reasonably possible for claims against the Workers' Reemployment and Handicapped Workers Reserves estimated at $1,695 thousand and $40,620 thousand, respectively.

b. There is a potential claim, as of May 24, 1988, against the General Fund on behalf of the Oregon War Veterans' Bond Fund, an Enterprise Fund. It involves transfers to the General Fund consisting of $2,500,000 and $5,517,906 plus undetermined interest thereon from 1951 and 1963, respectively. Further, the claim involves the use of moneys in earlier years for purposes not authorized by Oregon Constitution provisions. The amounts and interest thereon is unknown. The State of Oregon Attorney General has been asked to determine the propriety of the claim and whether interest would be due.

6. Federal Grants

The State of Oregon has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State of Oregon.

Institutions of higher education and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Certain state agencies may not be in total compliance with these regulations. Failure to have complied with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. A recent federal audit of the Highway Division found that Highway had failed to comply with certain federal regulations relating to its financial management systems. In response to the audit, Highway has instituted a program of corrective action. If the corrective action is not successful, the resulting disallowance could be material to the overall financial condition of the State of Oregon. We believe that any other ultimate disallowances pertaining to these regulations, if any, will be immaterial to the overall financial condition of the State of Oregon.

7. Job Training Partnership Act

The Job Training Partnership Act of 1982 (JTPA) requires all recipients to accept responsibility for repayment of federal funds that are expended in violation of its provisions. The potential liability to the federal government for repayment of potentially disallowed expenditures has been limited by an Attorney General Opinion to the current unaudited expenses - a 12 month period. The prior years financial statements reported a potential liability in the Special Revenue Fund equal to the amount of federal funds requested. The potential liability at June 30, 1987 was $41,185 thousand and is reported as a designation of general fund equity. Insurance carried previously has been discontinued.

8. Federal Claims

a. A federal claim of $2,700 thousand has been filed for refunds made to state agencies in 1983, but not made to qualified federal programs. The exact amount of the claim has not yet been settled.

b. The federal concern for self insurance reserve refunds also may require a current reserve refund. The matter is under review based on recent actuarial studies. Amounts involved have not been determined.

c. A federal claim totaling $23,000 thousand has been asserted against Adult and Family Services for quality control sanctions. The claim is being contested by the state.

9. Retrospective Workers Compensation Rate Adjustment

Beginning this year, the state opted to insure for workers compensation coverage through the State Accident Insurance Fund (SAIF) on a retrospective rate basis. The payments to SAIF are estimated for the year in advance. The actual experience is then reviewed and a rate adjustment is made. Preliminary indications are that an additional payment will be due to SAIF when the final computations are completed. The amount cannot be reasonably estimated at this time.

10. Phone System Commitment

The state has entered into an agreement to purchase telephone equipment in three phases. Phases I and II have occurred and the transactions are recorded in these financial statements. Phase III of the contract has not yet been implemented, but it qualifies as an unconditional purchase obligation. The commitment under Phase III is $1,698 thousand.

S. Violation of Legal Provisions

During fiscal year 1987, the Lottery Commission violated Oregon Statutes and the Constitution. Their

administrative expenses were 17.25% of total revenues, exceeding the 16% limit by $1,257 thousand.

T. Subsequent events

1. The following bonded debt has been incurred since June 30, 1987:

   a. September, 1987, Department of Transportation Highway User Tax Revenue Bonds, $80,000 thousand.

   b. September, 1987, Department of Higher Education, general obligation building bonds, $29,390 thousand.

   c. November, 1987, Department of Veterans Affairs, Veterans Tax Notes, $170,000 thousand.

2. Beginning in July, 1987, all employe and employer retirement contributions to PERS are being deposited to a Retirement Health Insurance fund. Deposits will continue until a total of $350,000 thousand is accumulated. PERS funding progress will be affected because net assets available for funding pension benefit obligations will be less.

3. Housing Agency, Single-Family Mortgage Program Bonds in the amount of $33,070 thousand were called on July 1, 1987, from unexpended proceeds from the 1985 A, B, and C Series and from the excess pre-payments from the 1982 A Series.

U. Extraordinary Items

1. Loss.

   On June 10, 1987, the Department of Veteran's Affairs issued $300,000 thousand in Advance Refunding Bonds with an average interest rate of 7.766 percent. The proceeds were used to advance refund (and defease) $231,600 thousand in outstanding bonds with average interest rates of 9.079 percent and 12.840 percent. The advance refunding resulted in an extraordinary accounting loss of $64,869 thousand, but the effect was to reduce debt service payments by approximately $19,000 thousand. The refunding also produced an economic gain (the difference between the present values of the old and new debt service payments) of approximately $19,600 thousand.

2. Gain.

   During the year the state legislature relieved the State Accident Insurance Fund (SAIF) of certain claim liability and authorized recovery of certain costs from the Workers Compensation Board. The effect of this one-time change is an extraordinary gain of $25,400 thousand.

V. Unrecorded Receivables

Trust and Agency receivables do not include certain receivables such as

amounts due for reimbursement of public assistance from persons required to pay support for family members. Of the estimated total public assistance arrearage of over $200,000 thousand, approximately $95,000 thousand is considered to be receivable for the state. Of this amount, approximately 9% is collected annually.

W. Deficit Retained Earnings

The following enterprise funds showed a deficit retained earnings at June 30, 1987 (amounts in thousands):

Dept. of Veterans Affairs	$72,609
Lottery Commission	3,384
Water Resources	533

The following internal service fund showed a deficit retained earnings at June 30, 1987 (amounts in thousands):

Pen Industries	$373

COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

Starvation Creek Falls State Park

The General Fund accounts for ordinary operations financed by appropriations from general revenues and used for general governmental purposes.

STATE OF OREGON
BALANCE SHEET
GENERAL FUND
JUNE 30, 1987

(Expressed in Thousands)

	JUNE 30, 1987	JUNE 30, 1986
ASSETS		
Cash and Investments	$289,939	$177,850
Receivables	6,930	8,949
Interfund Receivables	30,142	37,014
Taxes Receivable	166,425	161,642
Inventories	11,629	11,128
Prepaid Expenses	28	17
Contracts, Mortgages, and Notes Receivable	90	-
Advances to Other Funds	57,098	56,179
Total Assets	$562,281	$452,779
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	$283,798	$ 73,117
Interfund Payables	53,544	36,713
Due to Other Governments	3,687	5,347
Deferred Income	106,551	101,175
Vacation Payable	3,431	4,314
Total Liabilities	$451,011	$220,666
Fund Equity		
Reserve for Inventories	$ 11,629	$ 11,128
Reserve for Advances to Other Funds	57,098	56,179
Reserves - Other	30	18
Fund Balance - Designated for Contingencies	41,185	-
Fund Balance - Unreserved	1,328	164,788
Total Fund Equity	$111,270	$232,113
Total Liabilities and Fund Equity	$562,281	$452,779

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	FISCAL YEAR ENDED JUNE 30, 1987	1986
Revenue		
Income Taxes	$1,366,493	$1,472,103
Selective Sales and Use Taxes	68,092	66,561
Gross Receipts Business Taxes	52,918	44,461
Inheritance and Gift Taxes	34,712	25,937
Severance Taxes	1,967	1,991
Business Licenses and Fees	5,474	5,347
Nonbusiness Licenses and Fees	13,739	11,385
Federal Revenues	101	97
Charges for Services	2,594	6,194
Fines and Forfeitures	9,875	14,211
Rents and Royalties	135	136
Interest Income	20,666	25,212
Sales Income	2,911	3,024
Other Revenue	8,405	10,260
Total Revenue	$1,588,082	$1,686,919
Other Financing Sources (Uses)		
Operating Transfers-in	28,099	29,593
Operating Transfers-out	(958,270)	(919,841)
Loan Repayments	11,129	436
Leases Incurred	2,985	883
Net Revenue	$ 672,025	$ 797,990

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF EXPENDITURES
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	FISCAL YEAR ENDED JUNE 30, 1987	1986
EXPENDITURES BY CATEGORY		
Personal Services	$286,162	$264,939
Services and Supplies	103,231	104,552
Capital Outlay	10,552	10,357
Special Payments	344,827	349,385
Debt Service	1,343	-
Total Expenditures by Category	$746,115	$729,233
EXPENDITURES BY PROGRAM		
Economic Development and Consumer Services	$ 17,608	$ 21,606
Education	105,591	104,811
Human Resources	404,894	398,826
Natural Resources	25,803	23,737
Public Safety	54,392	53,658
Transportation	5,085	3,538
Administration and Support	41,502	39,277
Legislative	15,756	9,777
Judicial	75,484	74,003
Total Expenditures by Program	$746,115	$729,233

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF CHANGES IN GENERAL FUND EQUITY
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	FISCAL YEAR ENDED JUNE 30, 1987	1986
Fund Equity - Beginning	$232,113	$102,545
Revenues	672,025	797,990
Expenditures	(746,115)	(729,233)
Changes in Reserves		
Increase in Reserves for Advances to Other Funds	919	56,179
Increase (Decrease) in Reserve for Inventories	501	(1,040)
Increase in Reserves - Other	12	11
Prior Period Adjustment	(48,185)	5,661
Fund Equity - Ending	$111,270	$232,113

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Income Taxes	$2,770,067	$1,347,606	$1,570,369	$ 147,908
Selective Sales and Use Taxes	140,245	66,561	68,092	(5,592)
Gross Receipts Business Taxes	88,457	44,462	52,918	8,923
Inheritance and Gift Taxes	44,200	25,937	34,711	16,448
Severance Taxes	4,152	1,991	1,968	(193)
Business Licenses and Fees	10,690	5,347	5,473	130
Nonbusiness Licenses and Fees	21,477	11,385	13,739	3,647
Federal Revenues	-	97	101	198
Charges for Services	9,039	6,152	2,594	(293)
Fines and Forfeitures	25,608	12,479	9,742	(3,387)
Rents and Royalties	-	136	135	271
Interest Income	52,000	25,201	20,666	(6,133)
Sales Income	5,887	2,727	2,911	(249)
Other Revenue	27,945	9,564	8,405	(9,976)
Total Revenue	$3,199,767	$1,559,645	$1,791,824	$ 151,702
Expenditures				
Personal Services	$ 552,592	$ 261,804	$ 287,032	$ 3,756
Services and Supplies	207,873	103,834	103,239	800
Capital Outlay	14,502	7,537	8,903	(1,938)
Special Payments	2,067,890	1,024,858	1,035,242	7,790
Total Expenditures	$2,842,857	$1,398,033	$1,434,416	$ 10,408
Excess (Deficiency) of Revenues over Expenditures	$ 356,910	$ 161,612	$ 357,408	$ 162,110
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	59,548	29,593	28,099	(1,856)
Operating Transfers-out - Interfund	(519,563)	(249,209)	(268,809)	1,545
Loan Repayments	-	436	11,299	11,735
Excess (Deficiency) of Revenues over Expenditures and Other Uses	$ (103,105)	$ (57,568)	$ 127,997	$ 173,534
Fund Equity Beginning		102,545	232,113	
Adjustments recorded during the year but charged to prior biennia:				
Revenue		9,988	134	
Expenditures		(7,390)	(1,091)	
Increase (Decrease) in Reserves				
Inventories		(1,040)	501	
Advances to Other Funds		56,179	919	
Other		11	12	
GAAP Reclassification of Fund Equity		123,727	(201,130)	
Prior Period Adjustment		5,661	(48,185)	
Fund Equity Ending		$ 232,113	$ 111,270	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

Special Revenue Funds account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulations.

STATE OF OREGON
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1987

(Expressed in Thousands)

	ECON. DEV. & CONSUMER SERVICES	EDUCATION	HUMAN RESOURCES	NATURAL RESOURCES
ASSETS				
Cash and Investments	$152,295	$18,854	$15,283	$34,951
Securities Held in Trust	200	-	-	-
Accounts and Interest Receivable	8,948	11,495	40,705	11,046
Interfund Receivables	536	6,061	32,537	227
Inventories	1,463	665	953	6,245
Prepaid Expenses	31	-	6	15
Advances to Other Funds	-	-	-	179
Contracts, Notes, and Mortgages Receivable	1,166	7,071	242	2,656
Total Assets	$164,639	$44,146	$89,726	$55,319
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts and Interest Payable	$ 16,325	$ 3,447	$30,419	$11,274
Interfund Payables	2,902	591	41,017	637
Due to Other Governments	220	16,115	1,655	3,275
Trust Funds Payable	200	2	415	229
Advance from Other Funds	112	19	861	575
Vacation Payable - Short Term	695	100	1,448	532
Deferred Income	1,364	7,142	11,495	3,438
Total Liabilities	$ 21,818	$27,416	$87,310	$19,960
Fund Equity				
Reserve for Inventories	$ 1,463	$ 665	$ 953	$ 6,245
Reserve for Revolving Accounts	224	10	383	251
Reserve for Receivables	-	-	-	2,016
Reserve for Advances to Other Funds	-	-	-	179
Reserves - Other	31	-	5	14
Fund Balance - Unreserved	141,103	16,055	1,075	26,654
Total Fund Equity	$142,821	$16,730	$ 2,416	$35,359
Total Liabilities and Fund Equity	$164,639	$44,146	$89,726	$55,319

PUBLIC SAFETY	TRANSPORTATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	JUNE 30, 1987	JUNE 30, 1986
$3,115	$ 36,179	$ 61,500	$1,359	$1,064	$324,600	$415,476
–	5,607	–	–	–	5,807	5,229
644	34,387	10,425	21	93	117,764	144,117
1,223	1,180	16,165	1	4	57,934	15,679
15	18,422	40	207	–	28,010	27,865
–	–	–	–	–	52	488
–	650	–	–	–	829	980
–	7,831	73,725	–	–	92,691	80,507
$4,997	$104,256	$161,855	$1,588	$1,161	$627,687	$690,341
$2,578	$ 31,009	$ 5,721	$ 77	$ 13	$100,863	$176,603
41	12,061	6,018	–	408	63,675	21,871
47	215	10,302	2	633	32,464	–
–	5,687	6,317	–	–	12,850	9,060
29	54	50,989	2	–	52,641	–
158	1,778	66	–	–	4,777	4,961
14	8,445	69	–	–	31,967	41,838
$2,867	$ 59,249	$ 79,482	$ 81	$1,054	$299,237	$254,333
$ 15	$ 18,422	$ 40	$ 207	$ –	$ 28,010	$ 27,865
206	875	–	–	13	1,962	1,658
–	–	73,679	–	–	75,695	74,520
–	650	–	–	–	829	980
–	–	–	–	–	50	34
1,909	25,060	8,654	1,300	94	221,904	330,951
$2,130	$ 45,007	$ 82,373	$1,507	$ 107	$328,450	$436,008
$4,997	$104,256	$161,855	$1,588	$1,161	$627,687	$690,341

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	ECONOMIC DEV. & CONSUMER SERV.	EDUCATION	HUMAN RESOURCES	NATURAL RESOURCES
Revenue				
Selective Sales and Use Taxes	$ 114,928	$ -	$ -	$ -
Gross Receipts Business Taxes	5,272	-	-	-
Employer - Employe Taxes	125,829	-	-	-
Severance Taxes	-	-	-	-
Other Taxes	-	-	-	-
Business Licenses and Fees	13,684	509	3,711	4,870
Nonbusiness Licenses and Fees	3,725	-	2,402	23,719
Federal Revenues	28,761	115,441	498,445	24,820
Charges for Services	6,083	7,668	15,543	9,859
Fines and Forfeitures	739	-	57	227
Rents and Royalties	-	72	57	184
Interest Income	10,262	726	409	383
Sales Income (Net)	2,199	1,219	2,598	18,229
Donations and Grants (Nonfederal)	52	3,414	328	7
Other Revenue	1,023	45	7,543	6,017
Total Revenue	$ 312,557	$ 129,094	$531,093	$ 88,315
Expenditures				
Personal Services	$ 49,135	$ 6,474	$111,850	$ 43,775
Services and Supplies	98,656	7,933	47,762	27,809
Capital Outlay	2,311	1,423	4,830	4,002
Special Payments	34,715	591,496	387,436	17,249
Debt Service	74	16	266	13
Total Expenditures	$ 184,891	$ 607,342	$552,144	$ 92,848
Excess (Deficiency) of Revenue Over Expenditures	$ 127,666	$(478,248)	$(21,051)	$ (4,533)
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	$ 547	$ 484,026	$ 39,486	$ 6,950
Operating Transfers-out - Interfund	(101,225)	(5,116)	(29,633)	(8,744)
Loan Repayments	-	2,181	-	133
Loan Proceeds	-	-	-	-
Leases Incurred	29	42	308	1
Total Other Financing Sources (Uses)	$(100,649)	$ 481,133	$ 10,161	$ (1,660)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ 27,017	$ 2,885	$(10,890)	$ (6,193)
Fund Equity - Beginning	115,639	14,293	13,261	139,291
Increase (Decrease) in Reserves				
Inventories	176	(448)	(95)	(129)
Revolving Accounts	1	-	140	125
Reserve for Receivables	-	-	-	507
Advances to Other Funds	(24)	-	-	(127)
Other	12	-	-	3
Accounting Change	-	-	-	-
Prior Period Adjustments	-	-	-	(98,118)
Fund Equity - Ending	$ 142,821	$ 16,730	$ 2,416	$ 35,359

PUBLIC SAFETY	TRANSPORTATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	FISCAL YEAR ENDED JUNE 30, 1987	1986
$ –	$ 154,917	$ 14,410	$ –	$ –	$ 284,255	$ 248,528
–	–	334	–	–	5,606	5,143
–	–	–	–	–	125,829	123,408
–	–	175	–	–	175	443
–	–	14,385	–	–	14,385	13,440
225	709	91	–	–	23,799	22,583
–	69,922	1,335	–	–	101,103	111,584
6,135	180,255	190,466	–	–	1,044,323	957,366
1,899	28,281	5,486	15	–	74,834	73,804
746	11	–	1	11,563	13,344	1,732
428	2,690	–	490	–	3,921	3,251
5	3,660	2,481	–	–	17,926	17,921
265	3,523	79	378	8	28,498	34,973
8	2	381	12	4	4,208	5,733
157	4,592	12,328	42	–	31,747	38,293
$ 9,868	$ 448,562	$ 241,951	$ 938	$11,575	$1,773,953	$1,658,202
$ 11,652	$ 135,081	$ 4,376	$ 151	$ –	$ 362,494	$ 361,611
4,316	304,256	1,821	841	93	493,487	492,833
737	14,691	450	39	–	28,483	17,543
3,802	104,261	361,095	–	7,433	1,507,487	1,391,877
13	568	4	–	–	954	7,619
$ 20,520	$ 558,857	$ 367,746	$1,031	$ 7,526	$2,392,905	$2,271,483
$(10,652)	$(110,295)	$(125,795)	$ (93)	$ 4,049	$ (618,952)	$ (613,281)
$ 9,740	$ 107,199	$ 167,635	$ 125	$ –	$ 815,708	$ 797,617
(1,829)	(12,701)	(17,395)	(178)	(4,062)	(180,883)	(176,397)
–	–	10,345	–	–	12,659	7,620
–	–	–	–	–	–	–
21	67	2	–	–	470	1,615
$ 7,932	$ 94,565	$ 160,587	$ (53)	$(4,062)	$ 647,954	$ 630,455
$ (2,720)	$ (15,730)	$ 34,792	$ (146)	$ (13)	$ 29,002	$ 17,174
4,777	60,121	86,825	1,619	182	436,008	252,019
(2)	616	(6)	34	–	146	2,874
100	–	–	–	(62)	304	96
–	–	–	–	–	507	25,676
–	–	11,743	–	–	11,592	980
–	–	–	–	–	15	–
–	–	(50,981)	–	–	(50,981)	137,098
(25)					(98,143)	91
$ 2,130	$ 45,007	$ 82,373	$1,507	$ 107	$ 328,450	$ 436,008

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Selective Sales and Use Taxes	$ 490,250	$ 246,334	$ 284,158	$ 40,242
Gross Receipts Business Taxes	10,252	5,143	5,605	496
Employer-Employe Taxes	120,530	67,942	66,392	13,804
Severance Taxes	600	443	176	19
Other Taxes	23,617	13,439	14,385	4,207
Business Licenses and Fees	60,803	21,787	22,992	(16,024)
Nonbusiness Licenses and Fees	197,114	98,013	100,979	1,878
Federal Revenue	1,703,879	844,410	502,112	(357,357)
Charge for Services	330,765	70,060	69,405	(191,300)
Fines and Forfeitures	986	1,051	1,204	1,269
Rents and Royalties	5,374	3,277	3,921	1,824
Interest Income	16,139	11,535	9,563	4,959
Sales Income (Net)	73,871	31,542	26,493	(15,836)
Donations and Grants (Nonfederal)	10,540	4,596	4,885	(1,059)
Other Revenue	45,173	14,254	19,895	(11,024)
Total Revenue	$3,089,893	$1,433,826	$1,132,165	$(523,902)
Expenditures				
Personal Services	$ 742,135	$ 357,860	$ 359,145	$ 25,130
Services and Supplies	1,104,717	412,787	411,752	280,178
Capital Outlay	47,242	15,588	27,726	3,928
Special Payments	1,237,620	535,797	576,230	125,593
Debt Service	-	-	4	(4)
Total Expenditures	$3,131,714	$1,322,032	$1,374,857	$ 434,825
Excess (Deficiency) of Revenues Over Expenditures	$ (41,821)	$ 111,794	$ (242,692)	$ (89,077)
Other Financing Sources (Uses)				
Operating Transfers-in	964,795	702,278	890,002	627,485
Operating Transfers-out	(701,131)	(532,300)	(335,429)	(166,598)
Transfers Out - Other	(7,438)	(148,357)	(141,614)	(282,533)
Transfers to Counties and Cities	(223,325)	(113,202)	(126,976)	(16,853)
Loan Proceeds	-	-	561	561
Loan Repayments	12,300	6,216	10,477	4,393
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ 3,380	$ 26,429	$ 54,329	$ 77,378
Fund Equity Beginning		252,019	436,008	
Transactions Recorded During the Year But Charged to Prior Biennia				
Revenue		(1,693)	2,695	
Expenditures		3,924	(1,940)	
Activity not subject to budgetary guidelines:				
Revenue		698,527	748,844	
Expenditures		(708,735)	(774,083)	
Increase (Decrease) in Reserves				
Inventories		2,874	146	
Revolving Accounts		96	304	
Reserve for Receivables		25,676	507	
Advances to Other Funds		980	11,592	
Other		-	15	
GAAP Reclassification of Fund Equity		(1,278)	(843)	
Accounting Change		137,098	(50,981)	
Prior Period Adjustments		91	(98,143)	
Fund Equity Ending		$ 436,008	$ 328,450	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for and the payment of interest and principal on long-term debt other than special assessment and revenue bonds.

STATE OF OREGON
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 1987

(Expressed in Thousands)

		BOND ISSUE		
	CUSTODIAL SECRETARY OF STATE	COMMUNITY COLLEGE & ED. CENTER	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY
ASSETS				
Cash and Investments	$ -	$ 55	$110,306	$ 53
Receivables	20	-	2,287	-
Interfund Receivable	-	247	-	-
Prepaid Expenses (Bond Discounts)	-	-	426	-
Contracts, Mortgages & Notes Receivable	203	-	5,340	-
Total Assets	$ 223	$ 302	$118,359	$ 53
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable	$ 20	$ 257	$ -	$ -
Matured Bonds Payable	-	44	77	53
Advances from General Fund	203	-	-	-
Deferred Income	-	-	-	-
Total Liabilities	$ 223	$ 301	$ 77	$ 53
Fund Equity				
Reserve for Receivables	$ -	$ -	$ 5,340	$ -
Fund Balance - Unreserved	-	1	112,942	-
Total Fund Equity	$ -	$ 1	$118,282	$ -
Total Liabilities and Fund Equity	$ 223	$ 302	$118,359	$ 53

JUNE 30	
1987	1986
$110,414	$25,963
2,307	2,400
247	-
426	-
5,543	320
$118,937	$28,683
$ 277	$ 20
174	156
203	-
-	-
$ 654	$ 176
$ 5,340	$ 320
112,943	28,187
$118,283	$28,507
$118,937	$28,683

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY
DEBT SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

		BOND ISSUE		
	CUSTODIAL SECRETARY OF STATE	COMMUNITY COLLEGE & ED. CENTER	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY
Revenue				
Interest Income	$ 35	$ 4	$ 8,636	$ -
Total Revenue	$ 35	$ 4	$ 8,636	$ -
Expenditures				
Principal	$ 106	$ 1,520	$ 8,125	$ 3,300
Interest	35	1,991	8,488	1,818
Total Expenditures	$ 141	$ 3,511	$ 16,613	$ 5,118
Excess Revenues Over Expenditures	$ (106)	$(3,507)	$ (7,977)	$(5,118)
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	$ -	$ 3,501	$ -	$ 5,118
Operating Transfers-out - Interfund	-	-	(38)	-
Loan Repayments	106	-	5,734	-
Total Other Financing Sources (Uses)	$ 106	$ 3,501	$ 5,696	$ 5,118
Excess Revenues Over Expenditures and Other Uses	$ -	$ (6)	$ (2,281)	$ -
Fund Equity - Beginning	320	7	28,180	-
Increase (Decrease) in Reserves Reserve for Receivables	-	-	(5,735)	-
Accounting Change	(320)	-	-	-
Prior Period Adjustment	-	-	98,118	-
Fund Equity - Ending	$ -	$ 1	$118,282	$ -

FISCAL YEAR ENDED JUNE 30, 1987	1986
$ 8,675	$ 9,779
$ 8,675	$ 9,779
$ 13,051	$ 12,691
12,332	12,467
$ 25,383	$ 25,158
$(16,708)	$(15,379)
$ 8,619	$ 7,431
(38)	(35)
5,840	5,314
$ 14,421	$ 12,710
$ (2,287)	$ (2,669)
28,507	30,856
(5,735)	-
(320)	320
98,118	-
$118,283	$ 28,507

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
DEBT SERVICE FUND
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Selective Sales and Use Taxes	$ -	$ -	$ -	$ -
Total Revenue	$ -	$ -	$ -	$ -
Expenditures				
Debt Service	$ 6,476	$ 2,961	$ 3,507	$ 8
Total Expenditures	$ 6,476	$ 2,961	$ 3,507	$ 8
Excess (Deficiency) of Revenues Over Expenditures	$ (6,476)	$ (2,961)	$ (3,507)	$ 8
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	6,476	5,934	8,619	8,077
Operating Transfers-out - Interfund	-	(1,468)	(38)	(1,506)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ -	$ 1,505	$ 5,074	$ 6,579
Fund Equity Beginning		30,856	28,507	
Activity not subject to budgetary guidlines:				
Revenues		18,022	14,512	
Expenditures		(22,196)	(21,873)	
Increase (Decrease) in Reserves Reserve for Receivables		-	(5,735)	
Accounting Change		320	(320)	
Prior Period Adjustments		-	98,118	
Fund Equity Ending		$ 28,507	$118,283	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

CAPITAL PROJECT FUNDS

Capital Projects Funds account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Proprietary, Special Assessment, and Trust Funds.

STATE OF OREGON
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 1987

(Expressed in Thousands)

	ECONOMIC DEV. & CONSUMER SERV.	EDUCATION	HUMAN RESOURCES
ASSETS			
Cash and Investments	$ -	$ (356)	$ (6)
Receivables	-	220	19
Interfund Receivables	-	178	198
Contracts, Mortgages, Notes Receivable Long-Term	-	-	-
Total Assets	$ -	$ 42	$ 211
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	$ -	$ 42	$ 120
Interfund Payable	-	-	91
Total Liabilities	$ -	$ 42	$ 211
Fund Equity			
Reserve for Receivables	$ -	$ -	$ -
Fund Balance - Unreserved	-	-	-
Total Fund Equity	$ -	$ -	$ -
Total Liabilities and Fund Equity	$ -	$ 42	$ 211

NATURAL RESOURCES	PUBLIC SAFETY	TRANSPORTATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	JUNE 30, 1987	JUNE 30, 1986
$ 5	$ 459	$ (259)	$ -	$ 5	$ -	$ (152)	$ (188)
-	1	190	-	-	-	430	132
-	-	226	-	-	-	602	1,358
-	38	-	-	-	-	38	130
$ 5	$ 498	$ 157	$ -	$ 5	$ -	$ 918	$ 1,432
$ -	$ -	$ 101	$ -	$ 3	$ -	$ 266	$ 201
-	-	-	-	-	-	91	48
$ -	$ -	$ 101	$ -	$ 3	$ -	$ 357	$ 249
$ -	$ 38	$ -	$ -	$ -	$ -	$ 38	$ 130
5	460	56	-	2	-	523	1,053
$ 5	$ 498	$ 56	$ -	$ 2	$ -	$ 561	$ 1,183
$ 5	$ 498	$ 157	$ -	$ 5	$ -	$ 918	$ 1,432

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY
CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	ECONOMIC DEV. & CONSUMER SERV.	EDUCATION	HUMAN RESOURCES
Revenue			
Federal Revenues	$ -	$ 173	$ -
Rents and Royalties	-	-	-
Interest Income	-	-	-
Sales Income	-	-	-
Donations and Grants (Nonfederal)	-	155	-
Other Revenue	-	-	-
Total Revenue	$ -	$ 328	$ -
Expenditures			
Personal Services	$ -	$ -	$ 118
Services and Supplies	-	94	216
Capital Outlay	-	331	2,105
Total Expenditures	$ -	$ 425	$ 2,439
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ (97)	$(2,439)
Other Financing Sources (Uses)			
Operating Transfers-in	$ -	$ 97	$ 1,232
Operating Transfers-out	-	-	-
Loan Proceeds	-	-	1,174
Total Other Financing Sources	$ -	$ 97	$ 2,406
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ -	$ -	$ (33)
Fund Equity - Beginning	-	-	33
Increase (Decrease) in Reserves Reserve for Receivables	-	-	-
Prior Period Adjustment	-	-	-
Fund Equity - Ending	$ -	$ -	$ -

NATURAL RESOURCES	PUBLIC SAFETY	TRANSPORTATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	FISCAL YEAR ENDED JUNE 30, 1987	1986
$ -	$ 112	$ 709	$ -	$ -	$ -	$ 994	$ 965
-	-	1	-	-	-	1	1
-	10	-	-	-	-	10	18
-	287	-	-	-	-	287	-
-	-	10	-	-	-	165	14
-	-	-	-	-	-	-	-
$ -	$ 409	$ 720	$ -	$ -	$ -	$ 1,457	$ 998
$ 68	$ -	$ 3	$ -	$ -	$ -	$ 189	$ 129
332	-	124	-	40	-	806	782
1,694	88	4,548	-	230	-	8,996	10,956
$ 2,094	$ 88	$ 4,675	$ -	$ 270	$ -	$ 9,991	$ 11,867
$(2,094)	$ 321	$(3,955)	$ -	$ (270)	$ -	$(8,534)	$(10,869)
$ 1,240	$ 35	$ 4,011	$ -	$ 272	$ -	$ 6,887	$ 11,596
-	(57)	-	-	-	-	(57)	-
-	-	-	-	-	-	1,174	17
$ 1,240	$ (22)	$ 4,011	$ -	$ 272	$ -	$ 8,004	$ 11,613
$ (854)	$ 299	$ 56	$ -	$ 2	$ -	$ (530)	$ 744
859	291	-	-	-	-	1,183	258
-	(92)	-	-	-	-	(92)	-
-	-	-	-	-	-	-	181
$ 5	$ 498	$ 56	$ -	$ 2	$ -	$ 561	$ 1,183

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS FUNDS
BIENNIUM ENDED JUNE 30, 1987
(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Federal Revenue	$ 7,658	$ 386	$ 994	$ (6,278)
Charges for Services	-	9	2	11
Rents and Royalties	-	2	-	2
Interest Income	-	18	10	28
Sales Income	402	-	287	(115)
Other Revenue	88	-	-	(88)
Donations and Grants	4,575	14	165	(4,396)
Total Revenue	$ 12,723	$ 429	$ 1,458	$(10,836)
Expenditures				
Personal Services	$ 485	$ 115	$ 295	$ 75
Services and Supplies	10,906	1,520	3,919	5,467
Capital Outlay	39,375	2,676	12,911	23,788
Total Expenditures	$ 50,766	$ 4,311	$ 17,125	$ 29,330
Excess (Deficiency) of Revenues Over Expenditures	$(38,043)	$ (3,882)	$(15,667)	$ 18,494
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	24,837	4,520	11,803	(8,514)
Operating Transfers-out - Interfund	(1,085)	(942)	-	143
Loan Proceeds	5,099	258	3,518	(1,323)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ (9,192)	$ (46)	$ (346)	$ 8,800
Fund Equity Beginning		258	1,183	
Transactions Recorded During the Year But Charged to Prior Biennia				
Revenue		12,163	1,835	
Expenditures		(12,407)	(2,111)	
Activity not subject to budgetary guidelines:				
Revenue		-	24	
Expenditures		-	(24)	
GAAP Reclassification of Fund Equity		1,034	-	
Prior Period Adjustment		181	-	
Fund Equity Ending		$ 1,183	$ 561	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

ENTERPRISE FUNDS

Enterprise Funds account for the provision of goods and services to the general public where all or most of the costs involved are paid in the form of charges by the users of such services.

Oregon Enterprise Fund activities are provided primarily by the eight state agencies described below:

Department of Commerce, Housing Division Their major activity is the sale of revenue bonds to make residential mortgage loans available to lower income residents of Oregon.

Department of Veterans' Affairs They provide farm and home loans and other services to war veterans of Oregon.

Department of Human Resources, Mental Health Division They operate four hospitals which provide care and training for the mentally ill, developmentally disabled and mentally retarded.

Lottery Commission They provide chances to the public which result in possible jackpot winnings. A portion of the proceeds provides financing of Economic Development projects.

Liquor Commission Activities include regulation, control, and sale of all alcoholic liquor and certain wines.

Department of Energy They provide small scale energy loans for development of renewable resource energy projects.

Water Resources Department They provide loans to residents of the State for construction of water development projects for irrigation, drainage and municipal use.

State Accident Insurance Corporation They provide insurance coverage and other services.

STATE OF OREGON
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1987

(Expressed in Thousands)

ASSETS	COMMERCE HOUSING	VETERANS' AFFAIRS	STATE HOSPITALS	STATE LOTTERY
Current Assets				
Cash and Investments	$194,850	$1,266,884	$ 6,716	$ 8,958
Receivables	7,769	40,375	8,562	5,166
Interfund Receivable	-	-	755	-
Inventories	5,960	79	4,109	469
Prepaid Expenses	-	-	3	179
Total Current Assets	$208,579	$1,307,338	$20,145	$14,772
Total Fixed Assets	$ 55	$ 7,540	$20,861	$ 1,583
Other Assets				
Advances to Other Funds	$ -	$ -	$ -	$ -
Contracts, Mortgages, and Notes Receivable	444,870	4,493,805	-	-
Deferred Charges	9,040	26,785	-	-
Foreclosed and Deeded Property	-	51,066	-	-
Total Other Assets	$453,910	$4,571,656	$ -	$ -
Total Assets	$662,544	$5,886,534	$41,006	$16,355
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts and Interest Payable	$ 25,085	$ 119,893	$ 4,711	$ 4,849
Interfunds Payable	-	-	3,062	13,317
Due to Other Governments	-	-	-	-
Claim Loss Liability	-	-	-	-
Matured Bonds Payable	308	4,933	-	-
Vacation Payable - Current	-	584	734	-
Bonds Payable - Current	54,200	232,640	-	-
Notes Payable	-	185,000	-	-
Deferred Income	-	-	-	1,450
Total Current Liabilities	$ 79,593	$ 543,050	$ 8,507	$19,616
Long-Term Liabilities				
Contract, Mortgages, and Notes Payable	$ -	$ 288	$ 116	$ -
Advances from Other Funds	1,540	-	672	-
Accreted Interest Payable	6,182	1,842	-	-
Vacation Payable - Long-Term	49	-	2,335	123
General Obligation Bonds Payable	96,634	5,413,963	-	-
Revenue Bonds Payable	430,831	-	-	-
Obligations - Capital Lease	-	-	-	-
Claim Loss Liability	-	-	-	-
Total Long-Term Liabilities	$535,236	$5,416,093	$ 3,123	$ 123
Total Liabilities	$614,829	$5,959,143	$11,630	$19,739
Fund Equity				
Contributed Capital	$ 100	$ -	$ 6	$ -
Unrealized Gain on Investments	-	-	-	-
Retained Earnings - Unreserved	47,615	(72,609)	29,370	(3,384)
Total Fund Equity	$ 47,715	$ (72,609)	$29,376	$(3,384)
Total Liabilities and Fund Equity	$662,544	$5,886,534	$41,006	$16,355

LIQUOR COMMISSION	ENERGY	WATER RESOURCES	PUBLIC WORKS	STATE ACC. INSURANCE	OTHER ENTERPRISE	JUNE 30, 1987	JUNE 30, 1986
$ 17,136	$ 48,589	$ 6,977	$ 9,456	$1,001,300	$14,812	$2,575,678	$2,246,649
152	1,104	226	56	174,801	620	238,831	218,835
–	–	–	–	–	–	755	596
16,514	–	–	–	234	3,992	31,357	85,852
56	–	–	–	332	305	875	140
$ 33,858	$ 49,693	$ 7,203	$ 9,512	$1,176,667	$19,729	$2,847,496	$2,552,072
$ 3,353	$ 30	$ 9	$ 19	$ 13,349	$12,219	$ 59,018	$ 53,916
$ –	$ 4,905	$ –	$ –	$ –	$ –	$ 4,905	$ 5,149
–	101,833	15,951	2,682	4,920	9,609	5,073,670	5,329,577
–	–	–	–	–	–	35,825	39,115
–	–	–	–	–	–	51,066	–
$ –	$106,738	$15,951	$ 2,682	$ 4,920	$ 9,609	$5,165,466	$5,373,841
$ 37,211	$156,461	$23,163	$12,213	$1,194,936	$41,557	$8,071,980	$7,979,829
$ 10,200	$ 28,335	$ 343	$ 376	$ 25,961	$ 1,751	$ 221,504	$ 216,021
5,093	–	–	–	–	68	21,540	17,714
1,754	–	–	–	–	–	1,754	–
–	–	–	–	42,946	–	42,948	33,726
–	–	103	–	–	–	5,344	4,679
151	4	2	1	338	31	1,845	1,755
–	3,535	1,110	–	–	180	291,665	252,523
–	–	–	–	–	–	185,000	–
470	–	130	–	–	490	2,540	8,974
$ 17,668	$ 31,874	$ 1,688	$ 377	$ 69,247	$ 2,520	$ 774,140	$ 535,392
$ –	$ –	$ –	$ –	$ –	$ 15	$ 419	$ 119
3	–	–	–	–	3,050	5,265	3,431
–	–	–	–	–	–	8,024	5,265
199	15	5	3	1,014	79	3,822	3,410
–	123,841	22,003	–	–	–	5,656,441	5,803,749
–	–	–	–	–	6,260	437,091	484,682
–	–	–	–	–	–	–	378
–	–	–	–	928,308	–	928,308	847,392
$ 202	$123,856	$22,008	$ 3	$ 929,322	$ 9,404	$7,039,370	$7,148,426
$ 17,870	$155,730	$23,696	$ 380	$ 998,569	$11,924	$7,813,510	$7,683,818
$ –	$ –	$ –	$ –	$ –	$ 897	$ 1,003	$ 3,707
–	–	–	–	19,900	–	19,900	–
19,341	731	(533)	11,833	176,467	28,736	237,567	292,304
$ 19,341	$ 731	$ (533)	$11,833	$ 196,367	$29,633	$ 258,470	$ 296,011
$ 37,211	$156,461	$23,163	$12,213	$1,194,936	$41,557	$8,071,980	$7,979,829

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	COMMERCE HOUSING	VETERANS' AFFAIRS	STATE HOSPITALS	STATE LOTTERY
Sales Income	$ -	$ -	$ 321	$100,260
Cost of Goods Sold	-	-	-	-
Gross Profit on Sales	$ -	$ -	$ 321	$100,260
Other Income				
Selective Sales Tax	-	-	-	-
Business Licenses and Fees	-	406	-	57
Nonbusiness Licenses and Fees	172	-	-	-
Federal Revenue	424	-	-	-
Charges for Services	3	2,315	99,863	-
Fines and Forfeitures	5	-	-	31
Rents and Royalties	21	151	118	94
Interest and Investment Income	56,526	447,553	303	149
Donations and Grants (Nonfederal)	-	-	13	-
Other Revenue	4	83	699	546
Loss on Foreclosed Property (Net)	(1,089)	(24,071)	-	-
Gain (Loss) on Disposition of Equipment	-	(16)	(43)	(56)
Allowance for Returns	-	-	-	-
Fees Waived	-	-	(43,672)	-
Total Income	$ 56,066	$426,421	$ 57,602	$101,081
Operating Expenses				
Salaries and Wages	$ 1,221	$ 12,632	$ 84,578	$ 2,596
Services and Supplies	3,357	21,055	12,717	15,078
Special Payments	45	398	2	50,663
Interest Expense	50,676	408,011	1	-
Depreciation and Amortization	731	653	1,917	299
Total Expenses	$ 56,030	$442,749	$ 99,215	$ 68,636
Net Operating Income (Loss)	$ 36	$(16,328)	$(41,613)	$ 32,445
Operating Transfers-in	-	-	57,294	-
Operating Transfers-out	(241)	-	(13,800)	(33,569)
Net Income (Loss) Before Extraordinary Items and Accounting Change	$ (205)	$(16,328)	$ 1,881	$ (1,124)
Cumulative Effect of Accounting Change	-	-	-	-
Extraordinary Gain (Loss)	-	(64,869)	-	-
Net Income (Loss)	$ (205)	$(81,197)	$ 1,881	$ (1,124)
Fund Equity - Beginning	47,917	8,588	27,489	(1,949)
Unrealized Gain on Investments	-	-	-	-
Capital Contributions This Year	-	-	6	-
Prior Period Adjustment	3	-	-	(311)
Fund Equity - Ending	$ 47,715	$(72,609)	$ 29,376	$ (3,384)

LIQUOR COMMISSION	ENERGY	WATER RESOURCES	PUBLIC WORKS	STATE ACC. INSURANCE	OTHER ENTERPRISE	FISCAL YEAR ENDED JUNE 30, 1987	1986
$138,286	$ -	$ -	$ -	$ -	$ 5,325	$ 244,192	$ 231,976
(73,555)	-	-	-	-	(15)	(73,570)	(73,149)
$ 64,731	$ -	$ -	$ -	$ -	$ 5,310	$ 170,622	$ 158,827
11,196	-	-	-	-	-	11,196	10,835
1,858	7	-	-	-	-	2,328	2,652
-	-	25	-	-	-	197	58
-	-	-	-	-	122	546	1,166
20	29	-	-	221,868	2,046	326,144	275,962
28	-	-	-	-	-	64	103
-	-	6	-	-	1,078	1,468	1,368
4	11,561	1,693	572	111,508	1,488	631,357	625,798
-	-	-	-	-	50	63	93
-	456	-	-	1,277	534	3,599	5,513
-	-	(389)	-	-	-	(25,549)	(24,974)
(319)	-	-	-	(44)	(50)	(528)	43
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(43,672)	(40,764)
$ 77,518	$12,053	$ 1,335	$ 572	$334,609	$10,578	$1,077,835	$1,016,680
$ 7,573	$ 450	$ 159	$ 193	$ 30,598	$ 4,029	$ 144,029	$ 134,011
13,104	412	107	92	21,774	4,954	92,650	86,025
15,052	-	3	2,647	306,546	108	375,464	320,804
-	10,560	1,866	-	-	197	471,311	476,232
287	5	2	5	2,057	400	6,356	5,082
$ 36,016	$11,427	$ 2,137	$ 2,937	$360,975	$ 9,688	$1,089,810	$1,022,154
$ 41,502	$ 626	$ (802)	$(2,365)	$(26,366)	$ 890	$ (11,975)	$ (5,474)
-	-	-	4,082	-	3,281	64,657	60,501
(40,817)	-	-	(350)	-	(151)	(88,928)	(70,790)
$ 685	$ 626	$ (802)	$ 1,367	$(26,366)	$ 4,020	$ (36,246)	$ (15,763)
-	-	-	-	33,800	-	33,800	57,218
-	-	-	-	25,400	-	(39,469)	-
$ 685	$ 626	$ (802)	$ 1,367	$ 32,834	$ 4,020	$ (41,915)	$ 41,455
18,656	105	269	10,466	159,107	25,363	296,011	260,132
-	-	-	-	2,074	-	2,074	-
-	-	-	-	-	250	256	648
-	-	-	-	2,352	-	2,044	(6,224)
$ 19,341	$ 731	$ (533)	$11,833	$196,367	$29,633	$ 258,470	$ 296,011

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	COMMERCE HOUSING	VETERANS' AFFAIRS	STATE HOSPITALS	STATE LOTTERY
Sources of Working Capital				
Operations:				
Net Income (Loss) Before Extraordinary Items and Accounting Change	$ (205)	$(16,328)	$ 1,881	$(1,124)
Items Not Requiring (Providing) Working Capital				
Depreciation and Amortization	731	653	1,917	299
LT Compensated Absences	1	-	309	(5)
Amortized Bond Discounts/Costs/Premiums	11	5,421	-	-
Donated Equipment	-	-	6	-
Accreted Interest	1,743	1,016	-	-
Loans Forgiven	-	-	-	-
Total Provided by Operations Before Extraordinary Items and Accounting Change	$ 2,281	$ (9,238)	$ 4,113	$ (830)
Extraordinary Items and Accounting Change:				
Extraordinary Gain (Loss)	-	(64,869)	-	-
Accounting Change	-	-	-	-
Prior Period Adjustment	-	-	-	-
Other Sources				
Payables Reclassified to Long Term	9,040	-	-	-
Disposal of Property and Equipment	-	17	43	79
Transfer of Equipment	-	-	(32)	-
Sale of Bonds	-	300,000	-	-
Loan Proceeds	1,539	87	607	-
Loan Repayments	24,487	432,760	-	-
Other Miscellaneous	3	-	3	-
Revaluation of Investments	-	-	-	-
Increase in Loss Reserves	-	-	-	-
Contributions	-	-	-	-
Loan Reductions - Foreclosures	10,403	99,113	-	-
Total Provided	$ 47,753	$757,870	$ 4,734	$ (751)
Uses of Working Capital				
Investments Reclassified to Long Term	$ -	$51,066	$ -	$ -
Bonds Reclassified as Current Liabilities	54,360	232,640	-	-
Retirement of Bonds	-	231,600	-	-
Loans Made	18,226	271,444	-	-
Construction of Buildings	-	-	1,043	-
Acquisition of Property and Equipment	5	375	506	290
Payment on Other Long-Term Liabilities	2	-	113	-
Other Miscellaneous	-	-	-	-
Premium and Discounts on Bonds	9,040	4,025	-	-
Bond Expense	-	-	-	-
Loss on Foreclosed Property	-	-	-	-
Total Applied	$ 81,633	$791,150	$ 1,662	$ 290
Net Increase (Decrease) in Working Capital	$(33,880)	$(33,280)	$ 3,072	$(1,041)
Elements of Net Increase (Decrease) in Working Capital				
Cash and Investments	$ (868)	$154,114	$(7,262)	$ 8,469
Receivables	(805)	(1,012)	2,104	(3,027)
Inventories	(538)	(12)	(232)	72
Prepaid Expenses	-	-	1	166
Payables	(31,669)	(186,370)	8,461	(13,229)
Deferred Income	-	-	-	6,508
Net Increase (Decrease) in Working Capital	$(33,880)	$(33,280)	$ 3,072	$(1,041)

LIQUOR COMMISSION	ENERGY	WATER RESOURCES	PUBLIC WORKS	STATE ACC. INSURANCE	OTHER ENTERPRISE	FISCAL YEAR ENDED JUNE 30, 1987	1986
$ 685	$ 626	$ (802)	$ 1,367	$(26,366)	$ 4,020	$(36,246)	$ (15,763)
287	5	2	5	2,057	400	6,356	5,082
5	4	(6)	1	80	23	412	345
–	–	–	–	–	(82)	5,350	(293)
–	–	–	–	–	(30)	(24)	(22)
–	–	–	–	–	–	2,759	3,462
–	–	–	–	–	(185)	(185)	(192)
$ 977	$ 635	$ (806)	$ 1,373	$(24,229)	$ 4,146	$(21,578)	$ (7,381)
–	–	–	–	25,400	–	(39,469)	–
–	–	–	–	33,800	–	33,800	–
–	–	–	–	2,352	–	2,352	–
–	–	–	–	–	–	9,040	–
329	–	–	–	(474)	(21)	(27)	49
9	–	–	–	–	–	(23)	–
–	24,500	–	–	–	6,500	331,000	1,113,644
55	–	–	–	–	25	2,313	1,109
–	4,617	1,839	114	143	1,151	465,111	406,628
–	–	–	–	–	–	6	1,807
–	–	–	–	2,074	–	2,074	17,826
–	–	–	–	80,916	–	80,916	95,983
–	–	–	–	–	250	250	–
–	–	–	–	–	–	109,516	104,933
$ 1,370	$29,752	$ 1,033	$ 1,487	$119,982	$12,051	$975,281	$1,734,598
$ –	$ –	$ –	$ –	$ –	$ –	$ 51,066	$ –
–	2,645	1,110	–	–	180	290,935	252,523
–	1,880	–	–	–	–	233,480	23,159
–	23,209	511	2,796	–	1,940	318,126	434,593
–	–	–	–	–	5,299	6,342	1,259
1,211	3	1	19	2,105	313	4,828	5,107
58	–	2	–	–	–	175	1,048
–	–	–	–	–	3	3	397
–	236	–	–	–	60	13,361	14,656
–	–	–	–	–	–	–	29,380
–	–	289	–	–	–	289	–
$ 1,269	$27,973	$ 1,913	$ 2,815	$ 2,105	$ 7,795	$918,605	$ 762,122
$ 101	$ 1,779	$ (880)	$(1,328)	$117,877	$ 4,256	$ 56,676	$ 972,476
$ 1,755	$20,187	$ (580)	$ (814)	$ 94,453	$ 5,587	$275,041	$ 655,882
40	(203)	(164)	(297)	23,520	(2)	20,154	41,993
492	–	–	–	1	(289)	(506)	8,445
(20)	–	–	–	287	301	735	26
(2,168)	(18,205)	(143)	(217)	(384)	(1,258)	(245,182)	264,427
2	–	7	–	–	(83)	6,434	1,703
$ 101	$ 1,779	$ (880)	$(1,328)	$117,877	$ 4,256	$ 56,676	$ 972,476

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUND
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Selective Sales and Use Taxes	$ 23,404	$ 10,839	$ 11,196	$ (1,369)
Business Licenses and Fees	3,994	1,879	2,381	266
Nonbusiness Licenses and Fees	12	25	40	53
Federal Revenues	120	99	103	82
Charge for Services	6,472	3,535	2,162	(775)
Fines and Forfeitures	-	51	33	84
Rents and Royalties	2,242	1,048	1,083	(111)
Interest Income	4,001	11,228	21,824	29,051
Sales Income (Net)	146,282	67,450	66,391	(12,441)
Other Revenue	503	568	788	853
Total Revenue	$187,030	$ 96,722	$ 106,001	$ 15,693
Expenditures				
Personal Services	$ 50,602	$ 23,668	$ 24,698	$ 2,236
Services and Supplies	45,486	20,437	21,781	3,268
Capital Outlay	2,551	903	1,817	(169)
Special Payments	42,411	1,635	7,719	33,057
Debt Service	-	-	498	(498)
Total Expenditures	$141,050	$ 46,643	$ 56,513	$ 37,894
Excess (Deficiency) of Revenues Over Expenditures	$ 45,980	$ 50,079	$ 49,488	$ 53,587
Other Financing Sources (Uses)				
Operating Transfers-in	66,320	17,265	10,381	(38,674)
Operating Transfers-out	(76,863)	(53,793)	(62,887)	(39,817)
Transfers to Counties and Cities	(51,198)	(15,853)	(15,053)	20,292
Loan Repayments	-	1,593	5,099	6,692
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$(15,761)	$ (709)	$ (12,972)	$ 2,080
Fund Equity Beginning		260,132	296,011	
Transactions Recorded During the Year But Charged to Prior Biennia				
Revenue		(5,517)	(14)	
Expenditures		10,859	381	
Activity not subject to budgetary guidelines:				
Revenues		2,580,107	2,102,996	
Expenditures		(1,954,358)	(1,836,059)	
Depreciation and Amortization		(5,163)	(6,366)	
GAAP Reclassification of Fund Equity		(640,334)	(283,956)	
Accounting Change		57,218	33,800	
Extraordinary Gain (Loss)		-	(39,469)	
Unrealized Gain on Investments		-	2,074	
Prior Period Adjustments		(6,224)	2,044	
Fund Equity Ending		$ 296,011	$ 258,470	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

Internal Service Funds account for the financing of goods and services provided by an agency on a cost-reimbursement basis to any other governmental unit, whether state, federal, or local.

The Oregon activities reported in Internal Service Funds vary widely both as to type and complexity of operations. Most of the centralized services are provided by four agencies. These agencies and the services they provide or goods they sell are described below. Their operations as well as other major service operations of the State are reflected in the financial statements that follow:

Executive Department Services include accounting, collective bargaining, personnel, and data processing.

Department of General Services Services include purchasing, printing, mail, motor pool, leasing and insurance.

Department of Justice Services include legal and research.

Penitentiary Industries Manufacture and sale of furniture, machinery, and equipment.

STATE OF OREGON
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1987

(Expressed in Thousands)

ASSETS	EXECUTIVE DEPARTMENT SERVICES	DEPARTMENT OF GENERAL SERVICES
Current Assets		
Cash and Investments	$(10,478)	$ 45,244
Receivables	14,723	9,720
Interfund Receivable	39	-
Inventories	393	1,547
Prepaid Expenses	6	-
Total Current Assets	$ 4,683	$ 56,511
Total Fixed Assets	$ 4,383	$ 70,339
Other Assets		
Advances to Other Funds	$ -	$ 1,611
Contracts, Mortgages, and Notes Receivable	-	-
Total Other Assets	$ -	$ 1,611
Total Assets	$ 9,066	$128,461
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	$ 1,531	$ 6,523
Interfund Payable	-	180
Vacation Payable - Short-Term	69	171
Deferred Income	-	-
Total Current Liabilities	$ 1,600	$ 6,874
Long-Term Liabilities		
Lease Purchase Contract Payable	$ 1,295	$ -
Advances from Other Funds	19	10
Obligations - Capital Lease	-	1,209
Contracts, Mortgages, and Notes Payable	-	14,033
Vacation Payable - Long-Term	279	362
Claim Loss Liability	-	18,137
Total Long-Term Liabilities	$ 1,593	$ 33,751
Total Liabilities	$ 3,193	$ 40,625
Fund Equity		
Contributed Capital	$ -	$ 39,772
Retained Earnings - Unreserved	5,873	48,064
Total Fund Equity	$ 5,873	$ 87,836
Total Liabilities and Fund Equity	$ 9,066	$128,461

JUSTICE DEPARTMENT SERVICES	PEN. INDUSTRIES SALES	OTHER DATA PROC. SERVICES	MISC. INTERNAL SERVICES	JUNE 30, 1987	JUNE 30, 1986
$ 234	$ 206	$ 2,481	$ 3,914	$ 41,601	$ 48,023
2,513	668	1,313	701	29,638	17,096
-	-	-	148	187	8
190	692	499	332	3,653	3,511
-	-	-	17	23	19
$ 2,937	$ 1,566	$ 4,293	$ 5,112	$ 75,102	$ 68,657
$ 1,956	$ 5,105	$14,614	$ 6,807	$103,204	$ 84,557
$ -	$ -	$ -	$ -	$ 1,611	$ 1,117
-	-	-	11	11	-
$ -	$ -	$ -	$ 11	$ 1,622	$ 1,117
$ 4,893	$ 6,671	$18,907	$11,930	$179,928	$154,331
$ 2,905	$ 1,471	$ 964	$ 597	$ 13,991	$ 9,598
-	-	1	-	181	180
440	17	74	167	938	743
-	-	280	-	280	256
$ 3,345	$ 1,488	$ 1,319	$ 764	$ 15,390	$ 10,777
$ 128	$ -	$ 9,866	$ 218	$ 11,507	$ 8,420
95	3,949	660	7	4,740	7,405
-	-	-	-	1,209	1,525
-	-	-	-	14,033	16,492
263	52	206	102	1,264	1,362
-	-	-	-	18,137	-
$ 486	$ 4,001	$10,732	$ 327	$ 50,890	$ 35,204
$ 3,831	$ 5,489	$12,051	$ 1,091	$ 66,280	$ 45,981
$ -	$ 1,555	$ 1,716	$ 3,213	$ 46,256	$ 42,401
1,062	(373)	5,140	7,626	67,392	65,949
$ 1,062	$ 1,182	$ 6,856	$10,839	$113,648	$108,350
$ 4,893	$ 6,671	$18,907	$11,930	$179,928	$154,331

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	EXECUTIVE DEPARTMENT SERVICES	DEPARTMENT OF GENERAL SERVICES
Sales Income	$ -	$ 14,064
Cost of Goods Sold	-	(12,010)
Gross Profit on Sales	$ -	$ 2,054
Other Income		
Licenses and Fees	-	43
Charges for Services	13,513	54,282
Rents and Royalties	430	10,899
Interest Income	-	2,948
Other Revenue	3	692
Gain (Loss) on Disposition of Equipment	(39)	175
Total Income	$13,907	$ 71,093
Operating Expenses		
Salaries and Wages	$ 7,275	$ 10,347
Services and Supplies	5,704	44,085
Special Payments	-	7,763
Interest Expense	-	347
Depreciation and Amortization	1,537	4,662
Total Operating Expenses	$14,516	$ 67,204
Net Operating Income (Loss)	$ (609)	$ 3,889
Operating Transfers-in	-	-
Operating Tranfers-out	(69)	(61)
Net Income (Loss) Before Accounting Change	$ (678)	$ 3,828
Cumulative Effect of Accounting Change	-	-
Net Income (Loss)	$ (678)	$ 3,828
Fund Equity Beginning	6,551	80,495
Capital Contributions this Year	-	3,530
Prior Period Adjustments	-	(17)
Fund Equity - Ending	$ 5,873	$ 87,836

JUSTICE DEPARTMENT SERVICES	PEN. INDUSTRIES SALES	OTHER DATA PROC. SERVICES	MISC. INTERNAL SERVICES	FISCAL YEAR ENDED JUNE 30, 1987	1986
$ -	$ 2,923	$ -	$ -	$ 16,987	$ 16,662
-	(1,792)	-	-	(13,802)	(12,459)
$ -	$ 1,131	$ -	$ -	$ 3,185	$ 4,203
14	-	-	2	59	86
19,121	109	12,478	9,714	109,217	87,073
-	-	-	16	11,345	12,631
2	-	-	47	2,997	3,026
68	47	5	1,009	1,824	3,329
(5)	-	(1,599)	207	(1,261)	(277)
$19,200	$ 1,287	$10,884	$10,995	$127,366	$110,071
$15,996	$ 608	$ 4,938	$ 6,938	$ 46,102	$ 44,669
4,069	672	4,226	2,871	61,627	46,140
-	3	-	-	7,766	-
-	163	-	-	510	490
158	277	2,615	1,097	10,346	9,093
$20,223	$ 1,723	$11,779	$10,906	$126,351	$100,392
$(1,023)	$ (436)	$ (895)	$ 89	$ 1,015	$ 9,679
-	125	2	251	378	666
-	-	(11)	(122)	(263)	(1,259)
$(1,023)	$ (311)	$ (904)	$ 218	$ 1,130	$ 9,086
-	-	-	-	-	(26,292)
$(1,023)	$ (311)	$ (904)	$ 218	$ 1,130	$(17,206)
2,085	795	7,879	10,545	108,350	125,843
-	25	1	61	3,617	407
-	673	(120)	15	551	(694)
$ 1,062	$ 1,182	$ 6,856	$10,839	$113,648	$108,350

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	EXECUTIVE DEPARTMENT SERVICES	DEPARTMENT OF GENERAL SERVICES
Sources of Working Capital		
Operations:		
Net Income (Loss)	$ (678)	$ 3,828
Items Not Requiring (Providing) Working Capital		
Depreciation/Amortization	1,537	4,662
Long Term Compensated Absences	11	18
Long Term Claim Losses	-	1,675
Total Provided by Operations	$ 870	$10,183
Contributed From Another Fund	-	3,530
Disposal of Property and Equipment	316	-
Loan Proceeds	17	9,162
Loan Repayments	-	1,794
Accounting Change	-	-
Total Provided	$ 1,203	$24,669
Uses of Working Capital		
Loans Made	$ -	$ 2,288
Acquisition of Property and Equipment	952	12,965
Payment on Loans and Contracts	791	557
Property Acquired From Another Fund	-	3,530
Total Applied	$ 1,743	$19,340
Net Increase (Decrease) in Working Capital	$ (540)	$ 5,329
Elements of Net Increase (Decrease) in Working Capital:		
Cash and Investments	$(10,317)	$ 5,313
Receivables	10,123	1,758
Inventories	67	(5)
Prepaid Expenses	4	-
Payables	(417)	(1,737)
Deferred Income	-	-
Net Increase (Decrease) in Working Capital	$ (540)	$ 5,329

JUSTICE DEPARTMENT SERVICES	PEN. INDUSTRIES SALES	OTHER DATA PROC. SERVICES	MISC. INTERNAL SERVICES	FISCAL YEAR ENDED JUNE 30, 1987	1986
$(1,023)	$ (311)	$ (904)	$ 218	$ 1,130	$ 9,086
158	277	2,615	1,097	10,346	9,093
(139)	36	7	(31)	(98)	52
-	-	-	-	1,675	-
$(1,004)	$ 2	$ 1,718	$ 1,284	$13,053	$18,231
-	25	1	61	3,617	422
21	95	1,618	464	2,514	1,353
170	3,038	4,592	129	17,108	7,498
-	-	-	7	1,801	447
-	-	-	-	-	2,680
$ (813)	$ 3,160	$ 7,929	$ 1,945	$38,093	$30,631
$ -	$ -	$ -	$ 18	$ 2,306	$ 1,563
1,670	3,848	6,699	1,948	28,082	18,366
167	32	684	79	2,310	4,131
-	25	3	5	3,563	407
$ 1,837	$ 3,905	$ 7,386	$ 2,050	$36,261	$24,467
$(2,650)	$ (745)	$ 543	$ (105)	$ 1,832	$ 6,164
$(1,748)	$ (141)	$ 698	$ (227)	$(6,422)	$ (566)
663	335	(133)	(25)	12,721	2,579
10	(150)	276	(55)	143	(5,255)
-	-	-	-	4	(7)
(1,575)	(799)	(264)	202	(4,590)	9,383
-	10	(34)	-	(24)	30
$(2,650)	$ (745)	$ 543	$ (105)	$ 1,832	$ 6,164

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
INTERNAL SERVICE FUND
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Business Licenses and Fees	$ 51	$ 53	$ 14	$ 16
Nonbusiness Licenses and Fees	42	35	44	37
Charge for Services	152,512	72,034	74,032	(6,446)
Fines and Forfeitures	17	16	51	50
Rents and Royalties	24,460	12,632	11,346	(482)
Interest Income	-	1	7	8
Sales Income (Net)	50,372	23,688	24,341	(2,343)
Other Revenue	477	148	172	(157)
Total Revenue	$227,931	$108,607	$110,007	$ (9,317)
Expenditures				
Personal Services	$ 98,802	$ 45,754	$ 48,223	$ 4,825
Services and Supplies	58,313	27,021	25,968	5,324
Capital Outlay	15,848	7,722	10,689	(2,563)
Total Expenditures	$172,963	$ 80,497	$ 84,880	$ 7,586
Excess (Deficiency) of Revenues Over Expenditures	$ 54,968	$ 28,110	$ 25,127	$ (1,731)
Other Financing Sources (Uses)				
Operating Transfers-in	19,619	10,612	23,255	14,248
Operating Transfers-out	(20,836)	(9,358)	(59,918)	(48,440)
Loan Proceeds	2,200	149	1,318	(733)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ 55,951	$ 29,513	$(10,218)	$(36,656)
Fund Equity Beginning		125,843	108,350	
Transactions Recorded During the Year But Charged to Prior Biennia				
Revenue		(2,711)	(8)	
Expenditures		(3)	40	
Activity not subject to budgetary guidelines:				
Revenues		12,519	69,988	
Expenditures		(35,301)	(58,602)	
Depreciation and Amortization		(9,275)	(10,386)	
GAAP Reclassification of Fund Equity		14,751	13,933	
Accounting Change		(26,292)	-	
Prior Period Adjustments		(694)	551	
Fund Equity Ending		$108,350	$113,648	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

TRUST AND AGENCY FUNDS

Trust and Agency Funds account for resources received and held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units to be expended or invested in accordance with the conditions of the trust or agency agreement.

Fiduciary Fund financial information is shown as follows:

Pension Trust Funds

Public Employe's Retirement System - includes retirement moneys of the State of Oregon and other municipalities electing to participate in that system.

Nonexpendable Trust Funds

State Lands Trust - represents the state owned land and other assets held and operated for the benefit of public schools. Lands include approximately 800,000 acres of off-shore lands, 600,000 acres of grazing lands and 132,000 acres of timber producing lands.

Expendable Trust Funds

Employment Trusts represent funds held by the Employment Division for future payment of unemployment benefits.

Agency Funds - Includes moneys held by state agencies for redistribution to other municipalities. This includes funds held and invested for local governments by the State Treasurer.

STATE OF OREGON
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
JUNE 30, 1987

(Expressed in Thousands)

	PENSION TRUSTS	NONEXPENDABLE TRUSTS	
	PUB. EMPL. RETIREMENT SYSTEM	STATE LANDS	OTHER
ASSETS			
Cash and Investments	$8,601,467	$176,320	$ 1,220
Securities Held in Trust	-	960	-
Receivables	124,167	4,755	-
Interfund Receivables	12	1	-
Inventories	33	4	-
Contracts, Notes, and Mortgages Receivable	-	37	-
Land, Buildings, and Improvements	-	870	-
Equipment	861	377	-
Less Allowance for Depreciation	(335)	(135)	-
Total Assets	$8,726,205	$183,189	$ 1,220
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	$ 32,105	$ 434	$ -
Due to Other Governments	6	13,055	-
Interfunds Payable	-	88	2
Trust and Agency Funds Payable	-	18,398	-
Deferred Compensation Payable	-	-	-
Vacation Payable - Short-term	29	29	-
Deferred Income	-	62	-
Advances from Other Funds	-	7	-
Vacation Payable - Long-term	103	61	-
Total Liabilities	$ 32,243	$ 32,134	$ 2
Fund Equity			
Reserve for Public Employe Retirement System	$8,693,962	$ -	$ -
Reserve for Trust Funds	-	151,055	1,218
Invested in Fixed Assets	-	-	-
Fund Balance - Unreserved	-	-	-
Total Fund Equity	$8,693,962	$151,055	$ 1,218
Total Liabilities and Fund Equity	$8,726,205	$183,189	$ 1,220

EXPENDABLE TRUSTS		AGENCY	JUNE 30,	
EMPLOYMENT	OTHER	FUNDS	1987	1986
$344,641	$ 5,401	$ 736,984	$ 9,866,033	$7,961,681
200	-	760,543	761,703	680,513
99,641	2,493	15,026	246,082	219,098
-	10	29,835	29,858	5,787
-	-	73	110	47
23,433	604	22,892	46,966	51,165
-	-	1,490	2,360	2,583
-	-	462	1,700	1,268
-	-	-	(470)	(222)
$467,915	$ 8,508	$1,567,305	$10,954,342	$8,921,920
$ 775	$ 1,664	$ 2,795	$ 37,773	$ 16,773
1,441	-	9,301	23,803	53,372
-	36	7,549	7,675	5,652
284	498	1,470,794	1,489,974	1,409,553
-	-	76,866	76,866	-
-	-	-	58	86
23,433	604	-	24,099	27,002
-	-	-	7	10
-	-	-	164	120
$ 25,933	$ 2,802	$1,567,305	$ 1,660,419	$1,512,568
$ -	$ -	$ -	$ 8,693,962	$6,907,661
-	-	-	152,273	147,740
-	-	-	-	120
441,982	5,706	-	447,688	353,831
$441,982	$ 5,706	$ -	$ 9,293,923	$7,409,352
$467,915	$ 8,508	$1,567,305	$10,954,342	$8,921,920

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND EQUITY
EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

			FISCAL YEAR ENDED JUNE 30,	
	EMPLOYMENT	OTHER	1987	1986
Revenue				
Employer - Employe Taxes	$ 318,772	$ -	$ 318,772	$298,309
Other Taxes	-	980	980	871
Federal Revenues	8,094	-	8,094	10,425
Interest Income	28,918	442	29,360	25,163
Sales Income	-	-	-	46
Donations and Grants (Nonfederal)	-	1,005	1,005	557
Other Revenue	-	2,617	2,617	891
Total Revenue	$ 355,784	$ 5,044	$ 360,828	$336,262
Expenditures				
Personal Services	$ -	$ 74	$ 74	$ 33
Services and Supplies	-	1,063	1,063	1,287
Capital Outlay	-	1	1	6
Special Payments	258,540	6,296	264,836	281,042
Total Expenditures	$ 258,540	$ 7,434	$ 265,974	$282,368
Excess (Deficiency) of Revenues Over Expenditures	$ 97,244	$(2,390)	$ 94,854	$ 53,894
Other Financing Sources (Uses)				
Operating Transfers-in	$ 232,166	$ 591	$ 232,757	$ 1,161
Operating Transfers-out	(233,800)	-	(233,800)	(3,114)
Loan Repayments	73	-	73	74
Total Other Financing Sources (Uses)	$ (1,561)	$ 591	$ (970)	$ (1,879)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ 95,683	$(1,799)	$ 93,884	$ 52,015
Fund Equity - Beginning	346,299	7,652	353,951	303,006
Accounting Change	-	(120)	(120)	1
Prior Period Adjustment	-	(27)	(27)	(1,071)
Fund Equity-Ending	$ 441,982	$ 5,706	$ 447,688	$353,951

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PENSION TRUSTS AND NONEXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	PENSION TRUSTS	NONEXPENDABLE TRUSTS			
	PUB. EMPL. RETIREMENT SYSTEM	STATE LANDS	OTHER	FISCAL YEAR ENDED JUNE 30, 1987	1986
Operating Revenues					
Contributions	$ 427,549	$ -	$ -	$ 427,549	$ 420,573
Interest Income	1,649,983	16,742	79	1,666,804	1,499,275
Total	$2,077,532	$ 16,742	$ 79	$2,094,353	$1,919,848
Other Income					
Nonbusiness Licenses	-	54	-	54	54
Charges for Services	-	99	-	99	100
Rents and Royalties	-	1,938	-	1,938	1,726
Sales Income	-	7,845	-	7,845	17,174
Donations and Grants (Nonfederal)	-	-	-	-	47
Other Revenue	122	953	-	1,075	2,717
Gain (Loss) on Disposition of Equipment	-	-	-	-	(1)
Total Income	$2,077,654	$ 27,631	$ 79	$2,105,364	$1,941,665
Operating Expenses					
Salaries and Wages	$ 2,469	$ 2,861	$ -	$ 5,330	$ 4,880
Services and Supplies	1,471	3,438	-	4,909	3,918
Depreciation	114	31	-	145	41
Benefit Payments	287,548	-	-	287,548	260,890
Distributions to Governments	-	16,791	-	16,791	16,037
Total Expenses	$ 291,602	$ 23,121	$ -	$ 314,723	$ 285,766
Net Operating Income (Loss)	$1,786,052	$ 4,510	$ 79	$1,790,641	$1,655,899
Operating Transfers-in	249	420	-	669	1,485
Operating Transfers-out	-	(300)	(81)	(381)	(618)
Net Income (Loss)	$1,786,301	$ 4,630	$ (2)	$1,790,929	$1,656,766
Cumulative Effect of Accounting Change	-	-	-	-	508,811
Net Income (Loss)	$1,786,301	$ 4,630	$ (2)	$1,790,929	$2,165,577
Fund Equity - Beginning	6,907,661	146,547	1,193	7,055,401	4,889,824
Residual Equity Transfer Out	-	(14)	-	(14)	-
Prior Period Adjustment	-	(108)	27	(81)	-
Fund Equity - Ending	$8,693,962	$151,055	$ 1,218	$8,846,235	$7,055,401

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF CHANGES IN
FINANCIAL POSITION
PENSION TRUST AND NONEXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	PENSION TRUSTS	NONEXPENDABLE TRUSTS		FISCAL YEAR ENDED JUNE 30,	
	PUB. EMPL. RETIREMENT SYSTEM	STATE LANDS	OTHER	1987	1986
Sources of Working Capital					
Operations:					
Net Income (Loss)	$1,786,301	$ 4,630	$ (2)	$1,790,929	$1,656,766
Items Not Requiring (Providing) Working Capital					
Depreciation	113	31	-	144	41
Compensated Absences	27	17	-	44	23
Residual Equity Transfer Out	-	(14)	-	(14)	-
Prior period adjustment	-	-	27	27	-
Total Provided by Operations	$1,786,441	$ 4,664	$ 25	$1,791,130	$1,656,830
Disposal of Property and Equipment	-	29	-	29	1
Loan Proceeds	-	1	-	1	12
Revaluation of Investments	-	-	-	-	508,811
Total Provided	$1,786,441	$ 4,694	$ 25	$1,791,160	$2,165,654
Uses of Working Capital					
Acquisition of Property	$ 451	$ 81	$ -	$ 532	$ 46
Loans Made	-	37	-	37	-
Contract Payments made	-	8	-	8	3
Total Applied	$ 451	$ 126	$ -	$ 577	$ 49
Net Increase (Decrease) in Working Capital	$1,785,990	$ 4,568	$ 25	$1,790,583	$2,165,605
Elements of Net Increase (Decrease) in Working Capital					
Cash and Investments	$1,770,017	$ 8,619	$ 27	$1,778,663	$2,154,301
Receivables	33,652	(39)	-	33,613	(718)
Inventories	(10)	-	-	(10)	15
Payables	(17,669)	(4,049)	(2)	(21,720)	12,009
Deferred Income	-	37	-	37	(2)
Net Increase (Decrease) in Working Capital	$1,785,990	$ 4,568	$ 25	$1,790,583	$2,165,605

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS

(Expressed in Thousands)

	BALANCE JULY 1, 1986	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1987
Assets				
Cash and Investments	$ 697,995	$1,074,847	$1,035,858	$ 736,984
Securities Held in Trust	679,486	341,283	260,226	760,543
Receivables	33,868	38,748	57,590	15,026
Interfund Receivables	5,582	222,305	198,052	29,835
Inventories	-	73	-	73
Contracts, Notes and Mortgage Receivable	20,610	5,375	3,093	22,892
Land, Buildings and Improvements	1,720	-	230	1,490
Equipment	406	56	-	462
Total Assets	$1,439,667	$1,682,687	$1,555,049	$1,567,305
Liabilities				
Accounts Payable	$ 1,062	$ 2,791	$ 1,058	$ 2,795
Due to Other Governments	39,630	306,751	337,080	9,301
Interfund Payable	5,366	377,079	374,896	7,549
Trust Funds Payable	1,333,689	974,905	837,800	1,470,794
Deferred Comp. Payable	59,920	21,161	4,215	76,866
Total Liabilities	$1,439,667	$1,682,687	$1,555,049	$1,567,305

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
TRUST AND AGENCY FUNDS
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Selective Sales and Use Taxes	$ 20,363	$ 11,623	$ 9,772	$ 1,032
Gross Receipts Business Taxes	6,600	5,238	6,174	4,812
Employer-Employe Taxes	90,375	52,194	55,036	16,855
Severance Taxes	74,000	24,510	25,396	(24,094)
Other Taxes	1,720	871	979	130
Nonbusiness Licenses and Fees	93	56	54	17
Federal Revenue	3,763	2,601	2,545	1,383
Charge for Services	2,173	99	75	(1,999)
Rents and Royalties	3,405	1,726	1,927	248
Interest Income	509,743	1,506,644	1,667,126	2,664,027
Sales Income (Net)	31,858	17,236	7,859	(6,763)
Donations and Grants (Nonfederal)	70	3	3	(64)
Contributions	786,449	420,574	427,549	61,674
Other Revenue	588	1,978	2,414	3,804
Total Revenue	$1,531,200	$2,045,353	$2,206,909	$2,721,062
Expenditures				
Personal Services	$ 11,139	$ 4,861	$ 5,312	$ 966
Services and Supplies	8,323	3,197	3,517	1,609
Capital Outlay	836	109	550	177
Special Payments	3,763	1,480	521	1,762
Total Expenditures	$ 24,061	$ 9,647	$ 9,900	$ 4,514
Excess (Deficiency) of Revenues Over Expenditures	$1,507,139	$2,035,706	$2,197,009	$2,725,576
Other Financing Sources (Uses)				
Operating Transfers-in	45,001	21,541	12,887	(10,573)
Operating Transfers-out	(44,997)	(21,734)	(12,277)	10,986
Transfers to Counties and Cities	(192,482)	(93,034)	(96,088)	3,360
Transfers-out - Other	-	(150)	(185)	(335)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$1,314,661	$1,942,329	$2,101,346	$2,729,014
Fund Equity Beginning		5,192,830	7,409,352	
Transactions Recorded During the Year But Charged to Prior Biennia				
Revenue		(8,025)	162	
Expenditures		(117)	(160)	
Activity not subject to budgetary guidelines:				
Revenues		571,366	595,915	
Expenditures		(782,116)	(795,335)	
Increase (Decrease) in Reserves				
Inventories		-	-	
Proprietary-Type Trusts		-	-	
Other		1	-	
Depreciation		(41)	(145)	
GAAP Reclassification of Fund Equity		(14,615)	(16,984)	
Accounting Change		508,811	(120)	
Prior Period Adjustments		(1,071)	(108)	
Fund Equity Ending		$7,409,352	$9,293,923	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

COLLEGE AND UNIVERSITY FUNDS

The College and University Funds account for the resources received and used to operate Oregon's institutions of higher education and medical teaching hospitals.

STATE OF OREGON
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1987

(Expressed in Thousands)

	CURRENT FUNDS		
ASSETS	CURRENT GENERAL	AUXILIARY ENTERPRISE	RESTRICTED
Cash and Investments	$ 7,440	$ 3,428	$ 1,713
Receivables	30,489	2,526	17,101
Interfund Receivables	26,995	95	101
Inventories	4,682	2,979	-
Prepaid and Deferred Expenses	4,169	230	2
Contracts, Mortgages, and Notes Receivable	-	-	-
Fixed Assets	-	-	-
Total Assets	$73,775	$ 9,258	$18,917
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts and Interest Payable	$15,559	$ 917	$ 1,789
Interfund Payables	99	96	8
Due to Other Governments	-	-	-
Trust Funds Payable	1,618	797	-
Contract, Mortgages, and Notes Payable	-	-	-
Matured Bonds Payable	-	-	-
General Obligation Bonds Payable	-	-	-
Vacation Payable - Long-Term	9,595	789	1,493
Deferred Income	9,220	2,432	861
Total Liabilities	$36,091	$ 5,031	$ 4,151
Fund Equity			
Net Investment in Plant	$ -	$ -	$ -
Fund Balance - Restricted	-	-	14,766
Fund Balance - Unrestricted	37,684	4,227	-
Total Fund Equity	$37,684	$ 4,227	$14,766
Total Liabilities and Equity	$73,775	$ 9,258	$18,917

FIDUCIARY FUNDS			PLANT FUNDS			JUNE 30,	
LOAN FUNDS	ENDOWMENT FUNDS	AGENCY FUNDS	UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	1987	1986
$ 4,363	$29,926	$ 2,576	$38,738	$36,819	$ -	$ 125,003	$ 128,163
2,924	74	14	1,273	917	-	55,318	56,921
-	-	-	-	-	-	27,191	21,776
-	-	-	-	-	-	7,661	8,026
-	-	-	-	-	-	4,401	3,556
64,035	-	-	-	-	-	64,035	64,133
-	-	-	-	-	849,104	849,104	780,045
$71,322	$30,000	$ 2,590	$40,011	$37,736	$849,104	$1,132,713	$1,062,620
$ -	$ -	$ -	$ 1,773	$ 114	$ -	$ 20,152	$ 26,342
-	-	-	7	-	-	210	40
-	-	-	76	-	-	76	106
-	-	2,590	-	-	-	5,005	5,576
-	-	-	-	-	1,301	1,301	1,576
-	-	-	-	298	-	298	-
-	-	-	-	-	144,024	144,024	138,074
-	-	-	-	-	-	11,877	10,738
13	-	-	-	165	-	12,691	11,549
$ 13	$ -	$ 2,590	$ 1,856	$ 577	$145,325	$ 195,634	$ 194,001
$ -	$ -	$ -	$ -	$ -	$703,779	$ 703,779	$ -
71,309	27,628	-	38,155	37,159	-	189,017	-
-	2,372	-	-	-	-	44,283	868,619
$71,309	$30,000	$ -	$38,155	$37,159	$703,779	$ 937,079	$ 868,619
$71,322	$30,000	$ 2,590	$40,011	$37,736	$849,104	$1,132,713	$1,062,620

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - ALL COLLEGE AND UNIVERSITY FUNDS
FISCAL YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

	CURRENT FUNDS		
	CURRENT GENERAL	AUXILIARY ENTERPRISE	RESTRICTED
Revenue			
Federal Revenue	$ 26,684	$ 7	$101,655
Charges for Services	246,229	71,574	7,286
Fines and Forfeitures	337	56	-
Rents and Royalties	657	-	3
Interest Income	305	190	3,750
Donations and Grants (Nonfederal)	943	845	41,005
Other Revenue	519	2,656	8,367
Total Revenue	$ 275,674	$ 75,328	$162,066
Expenditures			
Personal Services	$ 394,620	$ 30,282	$ 79,268
Services and Supplies	127,715	38,847	34,864
Capital Outlay	26,438	60	8,450
Special Payments	2,115	2,473	38,653
Debt Service	144	84	58
Total Expenditures	$ 551,032	$ 71,746	$161,293
Excess (Deficiency) of Revenues Over Expenditures	$(275,358)	$ 3,582	$ 773
Other Financing Sources (Uses)			
Transfers-in	$ 281,021	$ 137	$ 2,018
Transfers-out	(6,369)	(6,731)	(1,384)
Bond Proceeds	-	-	-
Increase in Fixed Assets	-	-	-
Decrease in Long-Term Liabilities	-	-	-
Total Other Financing Sources (Uses)	$ 274,652	$ (6,594)	$ 634
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ (706)	$ (3,012)	$ 1,407
Fund Equity Beginning	38,390	7,239	13,359
Prior Period Adjustment	-	-	-
Fund Equity - Ending	$ 37,684	$ 4,227	$ 14,766

FIDUCIARY FUNDS			PLANT FUNDS			FISCAL YEAR ENDED JUNE 30,	
LOAN FUNDS	ENDOWMENT FUNDS	AGENCY FUNDS	UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	1987	1986
$ 407	$ -	$ -	$ 6,266	$ 205	$ -	$ 135,224	$ 121,248
-	-	-	323	2,305	-	327,717	307,348
-	-	-	-	-	-	393	354
-	1	-	-	-	-	661	635
1,516	84	-	2,332	4,785	-	12,962	11,934
109	630	-	5,612	-	-	49,144	41,115
-	565	-	5,736	1,267	-	19,110	41,225
$ 2,032	$ 1,280	$ -	$ 20,269	$ 8,562	$ -	$ 545,211	$ 523,859
$ -	$ -	$ -	$ 96	$ -	$ -	$ 504,266	$ 463,891
180	32	-	13,117	114	-	214,869	196,542
-	-	-	32,806	-	-	67,754	47,673
-	-	-	-	-	-	43,241	43,829
-	-	-	231	16,214	-	16,731	15,177
$ 180	$ 32	$ -	$ 46,250	$ 16,328	$ -	$ 846,861	$ 767,112
$ 1,852	$ 1,248	$ -	$(25,981)	$ (7,766)	$ -	$(301,650)	$(243,253)
$ 247	$ 1,468	$ -	$ 21,272	$ 17,111	$ -	$ 323,274	$ 295,138
(251)	(436)	-	(4,328)	(11,399)	-	(30,898)	(5,395)
-	-	-	14,350	-	-	14,350	6,815
-	-	-	-	-	69,059	69,059	41,109
-	-	-	-	-	(5,675)	(5,675)	1,964
$ (4)	$ 1,032	$ -	$ 31,294	$ 5,712	$ 63,384	$ 370,110	$ 339,631
$ 1,848	$ 2,280	$ -	$ 5,313	$ (2,054)	$ 63,384	$ 68,460	$ 96,378
69,461	27,720	-	32,842	39,213	640,395	868,619	786,315
-	-	-	-	-	-	-	(14,074)
$71,309	$30,000	$ -	$ 38,155	$ 37,159	$703,779	$ 937,079	$ 868,619

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATE OF OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL COLLEGE AND UNIVERSITY FUNDS
BIENNIUM ENDED JUNE 30, 1987

(Expressed in Thousands)

	1985-87 BUDGET	1ST YEAR ACTUALS	2ND YEAR BALANCE	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue				
Federal Revenue	$ 104,790	$ 26,500	$ 28,301	$ (49,989)
Charges for Services	379,201	186,825	190,329	(2,047)
Fines and Forfeitures	-	304	334	638
Interest Income	328	1,536	1,613	2,821
Donations and Grants (Nonfederal)	14,131	3,163	5,665	(5,303)
Other Revenue	55,178	6,514	(2,703)	(51,367)
Total Revenue	$ 553,628	$ 224,842	$ 223,539	$(105,247)
Expenditures				
Personal Services	$ 729,201	$ 344,725	$ 373,970	$ 10,506
Services and Supplies	192,807	94,596	104,497	(6,286)
Capital Outlay	170,604	25,466	46,816	98,322
Special Payments	19,322	12,123	10,603	(3,404)
Debt Service	10,695	5,483	5,111	101
Total Expenditures	$1,122,629	$ 482,393	$ 540,997	$ 99,239
Excess (Deficiency) of Revenues Over Expenditures	$ (569,001)	$(257,551)	$(317,458)	$ (6,008)
Other Financing Sources (Uses)				
Operating Transfers-in - Interfund	550,695	281,345	306,869	37,519
Operating Transfers-out - Interfund	-	(9,757)	-	(9,757)
Bond Sales/Loan Proceeds	3,880	-	-	(3,880)
Loan Repayments	15,284	6,319	6,803	(2,162)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ 858	$ 20,356	$ (3,786)	$ 15,712
Fund Equity Beginning		786,315	868,619	
Transactions Recorded During The Year But Charged to Prior Biennia				
Revenue		12,588	4	
Expenditures		(14,681)	(4,837)	
Activity not subject to budgetary guidelines:				
Revenues		311,476	321,670	
Expenditures		(278,816)	(309,116)	
GAAP Reclassification of Fund Equity		(542)	1,141	
Increase (Decrease) in Reserves				
Inventories		-	-	
Revolving Accounts		-	-	
Other		2,924	-	
Depreciation and Amortization		-	-	
Net Increase in Investment in Plant		43,073	63,384	
Prior Period Adjustments		(14,074)	-	
Fund Equity Ending		$ 868,619	$ 937,079	

Prepared without audit.
The notes to the financial statements are an integral part of this report.

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group accounts for fixed assets acquired through governmental-type funds.

STATE OF OREGON
SCHEDULE OF GENERAL FIXED ASSETS
JUNE 30, 1987

(Expressed in Thousands)

	JUNE 30, 1987	JUNE 30, 1986
Land	$133,569	$175,210
Buildings	162,454	150,196
Improvements Other than Buildings	49,381	18,209
Construction in Process	12,587	12,889
Equipment and Machinery	242,047	210,166
Data Processing Software	2,425	1,139
Leasehold Improvements	2,524	1,080
Capital Leased Property	68	35
Total General Fixed Assets	$605,055	$568,924

Prepared without audit.
The notes to the financial statements are an integral part of this report.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

General Long-Term Debt Account Group accounts for long-term debt other than those incurred in Proprietary, Special Assessment, and certain Trust Funds.

STATE OF OREGON
SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 1987

(Expressed in Thousands)

	JUNE 30, 1987	JUNE 30, 1986
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF LONG-TERM DEBT		
Amount Available in Debt Service Fund	$118,283	$ 28,507
Amount to be Provided - Long-Term Debt	72,777	225,499
Amount to be Provided - Vacation Payable	20,355	19,544
Total Available and to be Provided	$211,415	$273,550
GENERAL LONG-TERM DEBT PAYABLE		
Bonds Payable		
Community College and Education Center	$ 30,780	$ 32,300
Oregon Pollution Control	121,175	129,300
Oregon State Highway	30,400	33,700
Total	$182,355	$195,300
Other Long-Term Liabilities		
Advances From General Fund	-	51,367
Advances From Other Funds	1,587	1,212
Contracts, Mortgages, & Notes Payable	2,263	2,352
Obligations under Capital Lease	182	148
Lease Purchase Contracts Payable	4,673	3,627
Vacation Payable	20,355	19,544
Total in Long-Term Debt Account Group	$211,415	$273,550

Prepared without audit.
The notes to the financial statements are an integral part of this report.

STATISTICAL AND ECONOMIC INFORMATION

Wallowa Lake State Park

STATE OF OREGON
REDISTRIBUTIONS OF REVENUE
FOR THE YEAR ENDED JUNE 30, 1987

(Expressed in Thousands)

Numerous moneys are distributed biennially by the State to local governmental units and individuals. Redistributions of revenue are recorded and reported in various ways by the state agencies depending on their legislatively-approved budgets. This is a summary of the distributions that are reported as Transfers-out, Special Payments Expenditures, or Nonlimited Expenditures in the financial statements. During 1986-87 the State of Oregon made the following distributions:

	1986-87 TOTAL	NONLIMITED FUNDS	OTHER FUNDS	FEDERAL FUNDS	STATE GENERAL FUND
Cities	$ 74,198	$ 66,578	$ 2,745	$ 5,324	$ (449)
Counties	440,045	326,037	24,027	36,544	53,437
Other Governmental Units	11,195	2,739	433	5,265	2,758
Nongovernmental Units	110,839	32,767	5,629	68,675	3,768
Individuals	1,378,850	796,067	268,368	184,041	130,374
Local School Districts	590,539	481,529	6,017	78,860	24,133
Community Colleges	66,180	1	769	4,240	61,170
Other (A)	358,498	358,498	-	-	-
Total	$3,030,344	$2,064,216	$307,988	$382,949	$275,191

(A) Some state agencies are using "Other" instead of the more specific classification.

STATE OF OREGON
HISTORICAL STATEMENT OF
BUDGETARY REVENUES
(Expressed in Thousands)

	FISCAL YEAR ENDED JUNE 30,								
	1987	1986	1985	1984	1983	1982	1981	1980	1979
Income Taxes	$1,594,011	$1,347,606	$1,473,286	$1,365,762	$1,319,803	$1,093,073	$1,165,123	$1,045,400	$ 973,683
Selective Sales and Use Taxes	373,314	337,548	267,390	272,183	248,258	213,593	197,267	200,890	145,084
Gross Receipts Business Taxes	64,697	54,843	47,483	42,014	39,801	40,338	40,376	38,996	36,683
Employer - Employe Taxes	499,638	473,911	445,432	405,461	378,088	317,043	73,416	551,738	581,742
Inheritance and Gift Taxes	34,711	25,937	29,201	33,705	35,760	42,216	35,428	27,358	30,395
Severance Taxes	27,538	26,944	31,027	29,879	48,486	47,625	49,975	53,345	42,739
Other Taxes	15,365	14,310	14,698	14,125	12,768	6,846	4,431	3,905	3,429
Business Licenses and Fees	34,459	33,190	29,589	32,268	26,363	27,642	27,771	21,068	24,467
Nonbusiness Licenses and Fees	105,095	120,560	97,775	91,198	85,462	82,492	76,393	75,181	124,187
Federal Revenues	1,190,536	1,106,571	1,087,678	953,033	988,338	910,698	1,069,192	915,315	721,820
Charges for Services	576,775	517,911	568,261	570,252	524,738	464,000	423,678	374,222	352,393
Fines and Forfeitures	33,671	16,766	19,359	29,481	17,358	7,187	5,659	5,958	4,253
Rents and Royalties	19,434	19,753	18,347	18,863	16,746	21,937	17,715	20,910	13,899
Bond Sales	530,350	1,120,459	399,220	218,970	520,525	251,100	1,159,080	1,192,640	734,754
Interest Income	2,391,011	1,492,935	1,236,156	1,028,705	931,077	683,229	604,040	500,672	384,230
Sales Income	355,287	368,690	308,923	278,498	247,786	233,695	225,505	222,357	206,115
Cost of Goods Sold	(151,797)	(164,782)	(151,724)	(150,553)	(125,679)	(80,157)	(81,044)	(76,523)	(71,389)
Donations and Grants (Nonfederal)	54,912	47,545	39,179	39,868	35,458	36,225	26,860	28,130	26,346
Contributions (Retirement)	642,417	818,261	781,698	720,416	692,798	700,085	632,452	496,872	431,088
Loan Repayments	609,428	532,282	507,035	451,564	407,478	268,507	217,540	222,229	20,010
SAIF Assessment	-	-	-	-	81,000	-	-	-	-
Workers' Compensation Premiums	221,868	177,875	139,607	169,247	*	*	237,497	*	*
Other Revenue	137,817	170,210	74,643	70,785	94,223	68,917	43,797	94,364	36,461
Loan Proceeds	5,302	502	14,642	13,349	-	4,785	-	-	-
Revenue Transfers (Net)	291,917	112,408	77,700	174,182	76,916	46,758	75,301	(89,704)	22,328
Total Revenue	$9,657,756	$8,772,235	$7,556,605	$6,873,255	$6,703,551	$5,487,834	$6,327,452	$5,925,293	$4,844,717

*Included in Employer - Employe Taxes

STATE OF OREGON
HISTORICAL STATEMENT OF
BUDGETARY EXPENDITURES
BY BUDGET AUTHORITY

(Expressed in Thousands)

	FISCAL YEAR ENDED JUNE 30,								
	1987	1986	1985	1984	1983	1982	1981	1980	1979
STATE GENERAL FUND EXPENDITURES									
Personal Services	$ 496,935	$ 461,138	$ 416,795	$ 386,337	$ 342,682	$ 362,855	$ 325,879	$ 312,239	$ 264,804
Services and Supplies	140,387	139,856	130,741	112,291	93,636	88,470	84,851	91,351	83,515
Capital Outlay	25,011	27,105	29,742	17,196	8,158	10,704	16,701	20,129	13,939
Special Payments	1,036,223	1,021,333	1,001,214	982,223	937,540	1,009,738	944,850	1,019,578	706,859
Debt Service	5,082	5,364	5,378	6,868	2,888	5,772	2,970	8,874	8,134
Total General Fund	$1,703,638	$1,654,796	$1,583,870	$1,504,915	$1,384,904	$1,477,539	$1,375,251	$1,452,171	$1,077,251
OTHER FUND EXPENDITURES									
Personal Services	$ 479,259	$ 457,599	$ 499,609	$ 501,771	$ 474,562	$ 418,665	$ 385,859	$ 352,988	$ 341,367
Services and Supplies	489,835	473,775	505,043	460,705	437,581	439,940	649,401	398,391	283,133
Capital Outlay	79,315	38,703	40,712	26,861	35,938	23,098	27,873	29,922	29,402
Special Payments	335,475	336,996	316,208	244,187	82,108	42,327	58,635	47,029	23,516
Debt Service	666	5,415	23,935	26,126	11,877	9,512	9,414	6,406	5,700
Total Other Funds	$1,384,550	$1,312,488	$1,385,507	$1,259,650	$1,042,066	$ 933,542	$1,131,182	$ 834,736	$ 683,118
FEDERAL FUND EXPENDITURES									
Personal Services	$ 122,507	$ 122,485	$ 119,910	$ 120,839	$ 118,280	$ 118,379	$ 110,592	$ 101,033	$ 90,276
Services and Supplies	46,857	54,354	50,689	43,514	42,068	40,565	41,098	38,685	33,871
Capital Outlay	7,739	6,222	6,201	4,527	2,764	2,473	6,504	3,102	3,800
Special Payments	519,763	487,405	452,529	387,767	375,773	326,840	422,289	362,405	357,893
Total Federal Funds	$ 696,866	$ 670,466	$ 629,329	$ 556,647	$ 538,885	$ 488,257	$ 580,483	$ 505,225	$ 485,840
NONLIMITED FUND EXPENDITURES									
Personal Services	$ 252,146	$ 231,844	$ 133,442	$ 124,364	$ 98,810	$ 95,283	$ 93,938	$ 83,157	$ 61,302
Services and Supplies	299,471	266,293	218,813	192,811	167,037	143,010	128,376	136,719	123,349
Capital Outlay	23,518	26,512	16,246	12,238	8,603	9,811	12,880	8,220	8,923
Special Payments	1,802,235	1,841,715	1,688,059	1,724,978	1,714,847	1,805,799	1,999,715	2,222,007	1,672,781
Debt Service	1,067,784	1,063,434	880,634	697,390	627,050	575,489	522,009	340,553	243,680
Other	102,966	28,794	30,432	26,476	24,276	3,133	3,436	1,909	-
Total Nonlimited Funds	$3,548,120	$3,458,592	$2,967,626	$2,778,257	$2,640,623	$2,632,525	$2,760,354	$2,792,565	$2,110,035
Total Expenditures	$7,333,174	$7,096,342	$6,566,332	$6,099,469	$5,606,478	$5,531,863	$5,847,270	$5,584,697	$4,356,244

ANALYSIS OF BONDED DEBT

The State of Oregon Constitution provides for the issuance of general obligation debt for a number of purposes. The State may also issue revenue bonds under various State laws.

General obligation bonds are secured by the full faith and credit of the government and are not deemed a primary obligation of any specific fund of the organization.

Revenue bonds such as the housing revenue bonds are not secured by the full faith and credit of the State nor are the bonds an obligation of the State. They are secured and payable only from the obligations of the mortgage lenders as collaterally secured by approved securities or to first mortgage liens on low income family residential property.

The following summary information is provided for the year ended June 30, 1987 to aid in analysis of State bonded debt:

General Obligation Debt Summary.
Outstanding Debt and Constitutional and Statutory Provisions.
Summaries of Oregon State Constitutional Provisions regarding General Obligation Debt.

STATE OF OREGON
GENERAL OBLIGATION DEBT SUMMARY

(Expressed in Whole Dollars)

	JUNE 30,			
	1979	1980	1981	1982
Total General Obligation Debt	$3,594,024,000	$4,844,741,000	$5,523,265,000	$5,673,406,000
Revenue Supported General Obligation Debt	$3,467,829,000	$4,607,123,000	$5,377,522,000	$5,532,548,000
Nonrevenue Supported General Obligation Debt	$126,195,000	$138,618,000	$145,743,000	$142,038,000
Population[1/]	2,584,350	2,639,915	2,660,735	2,656,185
Total Debt per Capita	$1,390.69	$1,835.19	$2,075.84	$2,135.92
True Cash Value (TCV)	$59,025,276,078	$73,401,711,033	$82,426,835,098	$86,428,611,621
Total Debt as Percent TCV	6.09%	6.60%	6.70%	6.56%
Nonrevenue Supported General Obligation Debt per Capita	$49.60	$52.38	$54.78	$53.47
Nonrevenue Supported General Obligation Debt as Percent TCV	.21%	.19%	.18%	.16%
Total Personal Income[2/]	$19,686,000,000	$22,336,000,000	$24,700,000,000	$26,527,600,000
Revenue Supported General Obligation Debt as Percent Total Personal Income	17.62%	21.07%	21.77%	20.86%
Nonrevenue Supported General Obligation Debt as Percent Total Personal Income	.64%	.62%	.59%	.54%

1/ Population figures are as of July 1 each year, except that no new population figures are available after July 1, 1986. Source: Center for Population Research, Portland State University.

2/ Total personal income is based on calendar year averages of preceding year; this tends to overstate percentages shown. Sources: State of Oregon, Department of Human Resources, Employment Division, Information Systems Division; State of Oregon, Executive Department, Office of Economic Analysis (1987). Detailed Components of Personal Income (Microfiche), U.S. Department of Commerce, Bureau of Economic Analysis, August 1984.

JUNE 30,				
1983	1984	1985	1986	1987
$5,893,090,000	$5,617,356,000	$5,535,043,000	$6,376,368,000	$6,232,320,000
$5,749,380,000	$5,479,246,000	$5,402,845,000	$6,250,433,000	$6,131,159,000
$143,710,000	$138,110,000	$132,197,500	$125,935,000	$101,211,000
2,635,000	2,660,000	2,660,000	2,675,800	2,690,000
$2,236.47	$2,111.88	$2,080.84	$2,382.98	$2,316.87
$85,364,563,949	$85,399,676,330	$83,034,800,482	$83,034,800,482	$82,944,411,643
6.90%	6.58%	6.67%	7.68%	7.51%
$54.54	$51.92	$49.69	$47.06	$37.63
.17%	.17%	.16%	.15%	.12%
$27,078,200,000	$28,535,263,000	$31,055,924,000	$31,055,924,000	$35,578,000,000
21.23%	19.20%	17.40%	20.13%	17.23%
.53%	.48%	.43%	.41%	.28%

STATE OF OREGON
OUTSTANDING DEBT
AND CONSTITUTIONAL AND STATUTORY PROVISIONS[1]
June 30, 1987
(Expressed in Thousands)

PURPOSE/DEPARTMENT	CONSTITU. PROVISION[2]	CONSTITU. DEBT LIMIT[2]	STATUTORY DEBT LIMIT	AMOUNT ISSUED [8]	AMOUNT OUTSTAND.[9]	AUTHORIZA. REMAINING[4]
GENERAL OBLIGATION BONDS						
General Fund:						
Higher Education Facilities	ART XI-G	.75% TCV	-	$92,083	$52,565	$ -
Community College Bonds	ART XI-G	.75% TCV	-	44,645	31,010	538,508
State Power Development	ART XI-D	1.5% TCV	-	-	-	1,244,166
General Purpose Bonds [3]	ART XI-Sec 7	$50	-	-	-	50
Forest Rehabilitation Bonds	ART XI-E	.1875% TCV	$ 750/yr (ORS 530.230)	13,350	-	155,521
Partially General Fund supported:						
Pollution Control Bonds Bonds (15.5%) [5]	ART XI-H	1% TCV	$ 260,000 (ORS 468.195)	187,500	18,733	138,825
Fully Self-Supporting:						
Higher Education Building Projects	ART XI-F[1]	.75% TCV	-	183,847	92,054	530,029
State Highway Bonds	ART XI-Sec 7	1.0 % TCV	various (see ORS 367)	246,050	30,400	799,044
Water Resources Bonds	ART XI-I[1]	1.5% TCV	-	43,511	23,113	1,221,053
Elderly Multi-Family Housing Bonds	ART XI-I	.5% TCV	-	99,215	97,545	317,058
Veterans' Welfare Bonds[6]	ART XI-A	8.0% TCV	-	7,419,403	5,606,643	1,028,909
Alternate Energy Projects	ART XI-J	.5% TCV	-	115,825	113,790	300,932
Pollution Control Bonds[5] (84.5% Partially Self-Supporting)	ART XI-H	[5]	-	[5]	102,441	[5]
Total General Obligation Bonds				$8,445,430	$6,168,295	$6,274,215
REVENUE BONDS						
Board of Forestry Forest Development Financing			$ 500 (ORS 530.140)	-	-	$500
Department of Commerce, Housing Division Single-Family and Project Financing			$1,030,000 (ORS 456.661)	$627,469	$485,089[7]	$544,910
Oregon State Fair & Exposition Center			10,000 (ORS 565.095)	6,500	$6,500	$3,500

INDUSTRIAL DEVELOPMENT REVENUE BONDS			No Limit			
Economic Development Department			(ORS 280.310)	$327,342	$235,456	$ -
Short-Term Debt 3/	Art XI-Sec 7	$50		-	-	$50

1/ Excludes bonds for these sales.
2/ See page _/ for a summary of the major provisions.
3/ The State of Oregon may not incur indebtedness exceeding $50 without a constitutional amendment approved by the voters. The General Purposes and/or Short-Term Debt categories both reflect this single limitation.
4/ Based on January 1, 1986 True Cash Value (TCV) of $82,944,411.
5/ The amount of bonds issued to date and the authorization remaining are listed only with the general fund portion of the debt. Statutes require that pollution control bonds be no less than 70% self-supporting. Currently, 84.54% of pollution control debt is self-supporting and 15.46% is general fund supported.
6/ Excludes tax notes and tax-exempt commercial paper applicable to department's constitutional debt limit.
7/ For purposes of this report, Housing Division's outstanding revenue indebtedness and Department of Veterans' Affairs general obligation debt reflect the proceeds received from an original issue discount (OID) bond sale rather than the principal amount to be repaid.
8/ Includes all issues and advance refunding bonds since each program's inception.
9/ Excludes refunded bonds and $16,115 defeased by the Department of Water Resources.

NOTE: All Oregon Mass Transportation Financing Authority (OMTFA) bonds were advanced, refunded and defeased by an issue of the Tri-County Metropolitan Transit District (Tri-Met) during 1985 under authority granted by the 1985 Legislative Assembly.

STATE OF OREGON
Summaries of Oregon State Constitutional Provisions Regarding General Obligation Debt

ARTICLE IX

Section 2 of this Article states that the legislature shall provide for raising enough revenue to defray the expenses of the State for each fiscal year and also to pay the interest on the State debt. Section 3a of this Article restricts the use of gasoline taxes and other highway-user taxes to activities associated with the State's roads, including the retirement of bonds where these taxes have been pledged as the source of revenue. In addition, however, taxes on recreational vehicles may be used to acquire and care for parks and recreation areas. Section 6 requires the legislature to increase taxes to cover deficits occurring in the previous year and estimated expenses for the ensuing year.

ARTICLE XI

Section 7 provides that the total amount of credit loaned and debt or liability created by the State shall not exceed $50,000 except for building and maintaining roads which is limited to 1% TCV of property in the State. The section does not apply to real property leases up to 20 years entered into by the State for a public purpose.

ARTICLE XI-A

Section 1 of this Article authorizes the State to loan its credit and to incur indebtedness up to 8% TCV of taxable property in the State to create the Oregon War Veteran's Fund. Section 2 states that bonds of the Oregon War Veteran's Fund shall be a direct obligation of the State. An annual tax of up to 2 mills on all taxable property within the State is allowed by Section 4 as a source of interest and repayment for the bonds. This amount of tax however is limited by Statute to 0.25 mill.

ARTICLE XI-D

This Article authorizes lending the credit of or incurring indebtedness by the State up to 1.5% TCV of all taxable property in the State to provide funds primarily for the development of hydroelectric power.

ARTICLE XI-E

This Article authorizes lending the credit of or incurring indebtedness by the State up to 3/16% TCV of all taxable property in the State to provide funds for the reforestation of land which the State currently owns and that which it may acquire for the purpose of reforestation. Funds generated from the reforested lands must be used to repay any oustanding debt issued under this provision and property taxes are also authorized to assist in repaying this debt. A debt limit of $750,000/year is currently set by statute.

ARTICLE XI-F(1)

Here the constitution authorizes lending the credit of or incurring indebtedness by the State up to 3/4 of 1% TCV of all taxable property in the State to provide funds for higher education building projects. These projects must be wholly

self-supporting and self-liquidating from revenues, gifts, grants or building fees. If the projects do not provide enough funds to repay the debt and the interest on the debt, property taxes are allowed.

ARTICLE XI-G

In addition to the debt provisions of Article XI-F(1) this article authorizes lending the credit of or incurring indebtedness by the State up to 3/4 of 1% TCV of all taxable property in the State to raise funds for higher education projects (including those of community colleges). Unlike Article XI-F(1), however, these projects cannot be totally self-supporting. Property taxes are allowed to repay this debt and its interest. In addition, any funds spent under this provision must be matched by the legislature from the General Fund.

ARTICLE XI-H

Funds for pollution abatement projects of State and local government agencies may be raised under this section by lending the credit of or incurring indebtedness by the State up to 1% TCV of all taxable property in the State. Facilities acquired under this program are required to "conservatively appear" to be at least 70% self-supporting and self-liquidating from revenues, gifts, grants from the Federal Government, user charges, assessments and other fees. Property taxes are provided as a source of additional revenue to support these bonds.

ARTICLE XI-I(1)

Funds for loans to construct water development projects for irrigation and drainage may be raised under this section by lending the credit of or incurring indebtedness by the State up to 1-1/2% TCV of all the taxable property within the State. Property taxes may be levied to repay this debt if revenues are insufficient.

ARTICLE XI-I(2)

Authorizes funds for additional financing for multifamily housing for elderly and disabled persons. The amount of credit loaned or debt incurred by the State for this purpose may not exceed 1/2 of 1% TCV of all taxable property in the State. Property taxes may be levied to repay this debt if revenues from loan repayments are insufficient.

ARTICLE XI-J

Authorizes the lending of the credit of or incurring of indebtedness by the State to provide funds for loans for small scale local energy projects, up to 1/2 of 1% TCV of all taxable property in the State. Property taxes may be levied to repay this debt if revenues from loan repayments are insufficient.

APPROVED BY:

Dave Frohnmayer

ATTORNEY GENERAL, State of Oregon

THE STATE'S ECONOMY

An Overview

Oregon's nonagricultural employment growth in 1986 matched the United States' rate for the first time in seven years. While the decade of 1970 to 1980 marked a time of rapid growth, the early years of the 1980's were a period of retrenchment and job losses. Oregon finally regained prerecessionary nonagricultural employment levels (compared to 1979) in 1986.

The service and retail and wholesale trade sectors have contributed most of the job gains. In 1976, services comprised 17 percent and retail and wholesale trade 24 percent of total nonagricultural employment. Manufacturing contributed 22 percent. By 1986, services grew to 22 percent, retail and wholesale trade rose to 25 percent, but manufacturing shrank to 19 percent. During the period 1976 to 1986, services and retail and wholesale trade added 136,500 jobs while manufacturing provided only 3,000.

Total state personal income followed similar trends. From 1975 to 1980, both population and personal income exceeded national growth rates. In the late 1970's, Oregon's population grew at a rate of two to three times the national average. The early 1980's marked a reversal of this trend, and population and personal income growth slowed to rates below the national average.

Recent economic trends have been favorable. In early 1987, the state's unemployment rate dipped below the U.S., and state employment growth exceeded the national average. Increased demand for wood products and rapidly growing nonmanufacturing sectors helped push the growth rates upward. A mild climate, varied topography and rich soil support the nearly 100 agricultural commodities grown in Oregon and valued in terms of gross farm sales at over $1.85 billion in 1986. Much of this agricultural activity occurs in the Willamette River Valley in the western portion of the state. This valley also contains most of the state's population and much of the manufacturing activity.

Portland, located at the confluence of the Columbia and Willamette Rivers, remains Oregon's largest city and the hub of economic activity. The greater Portland area ranks as a highly diversified manufacturing center on the West Coast. It is also the home of the Port of Portland, a significant seaport for trade between the western United States and the Pacific Rim nations.

Outside the Willamette Valley, those areas not devoted primarily to agriculture rely on the wood products industry. Although the wood products industry is still sensitive to economic fluctuations, increased automation and improved management are enabling the industry to reach all-time high production levels with fewer workers.

Summary of Economic Trends

Oregon's economy grew moderately in the two decades immediately following World War II. From 1950 to 1970, nonagricultural employment averaged 2.7 percent per year. In the 1970's, however, the state experienced rapid growth as population increased and economic diversification continued. Oregon's growth significantly outpaced the national average: from 1975 to 1980 nonagricultural employment growth averaged 6.1 percent per year and per capita income rose above the U.S.

The early 1980's recessions hit Oregon hard. In 1982, nonagricultural employment fell by 5.7 percent with most of the loss from the wood products industry. Oregon remains slightly more sensitive to economic cycles than the national average due to the forest products component of its economy. Although recessionary periods continue to be somewhat more pronounced in Oregon than in the nation as a whole, the higher proportion of nonmanufacturing jobs and restructuring of the lumber and wood industry has provided more stability.

While the high technology industries added a significant number of jobs in the late 1970's and early 1980's, the state has followed national trends and lost jobs as a result of the two year slump in the semiconductor, electronics and instruments industries. Lately, these industries appear to have stabilized. The high interest rates experienced early in this decade had a significant impact on certain sectors of the Oregon economy. The recession-sensitive wood products, housing, and construction industries were particularly hard hit. Rural counties of eastern and southern Oregon which depend on one or a combination of these industries experienced the greatest impact. Many of these counties have diversified more and have benefitted significantly from improved tourism traffic. In urban areas generally, and in Portland in particular, the diverse economic base has given a measure of insulation from the impacts of the recession.

By 1984, the state began to recover and experienced a higher employment growth rate at 4.2 percent, but this rate was still lower than the U.S. rate. The state finally surpassed prerecessionary employment levels in 1986 and has recently been growing faster than the U.S. average. The state's unemployment rate in early 1987, for example, dipped below the U.S. for the first time in seven years.

Tourism has been strong throughout the 1980's, due in part to the plentiful supplies of relatively low-cost automobile fuel and an improved national economy. Oregon's wood products industry is undergoing a permanent restructuring. Lately, the wood products industry has benefited from the upturn in residential housing construction. Over 23 mills have reopened and many mills have automated and improved their productivity greatly. Although 1986 wood products industry employment was 21 percent lower than 1979, production hit all-time high levels. The state has committed itself to greater diversification of the economy by pursuing more foreign trade in the considerable markets of the Pacific Rim countries.

Employment and Unemployment

Nonagricultural Employment Trends

Between 1977 and 1986, total nonagricultural wage and salary employment in Oregon rose from 936,900 to 1,056,500, an increase of 12.8%. During this period, however, employment exhibited three different trends.

From 1976 through 1979, wage and salary job gains (+177,700) were very rapid as Oregon's commodity oriented economy benefited from rising inflation and strong housing construction following the 1974-75 recession.

In late 1979, the Federal Reserve adopted a major change in monetary policy in order to extinguish rampant inflation which had risen to 13.6% in 1979. This action

precipitated a dramatic rise in interest rates, severely hurt credit sensitive industries such as construction and lumber and wood products and plunged the nation into the worst recession since the 1930's. Oregon's housing-dependent economy was especially hard hit. Between 1979 and 1982, wage and salary employment plummeted by 9% to 960,800, a loss of 95,400 jobs.

While the severity of the recession eliminated many jobs, both in manufacturing (-42,800) and nonmanufacturing (-52,600), it also caused interest rates and the inflation rate eventually to drop significantly. This improvement, plus more stimulative federal monetary and fiscal policies, set the stage for another period of economic expansion beginning in early 1983. In the four year period between 1982 and 1986, Oregon's wage and salary employment increased by 10% to reach a new all-time high of 1,056,500, a gain of 95,700 jobs.

This expansion, which is still alive and well in 1987, differs from previous recovery periods. During the last four years, manufacturing employment has risen by only 11,000 and is still about 32,000 below its 1979 prerecession peak of 228,500. This slow rate of recovery largely reflects increased competition from foreign imports, automation and increase productivity. In the first half of the 1980's the rising foreign exchange value of the dollar made U.S. exported goods more expensive overseas, while foreign imports became cheaper to U.S. consumers. Although the dollar's exchange value has been falling since 1985, imports have captured a greater share of U.S. markets. Manufacturing firms in Oregon and the nation have responded by reducing their costs, restructuring their operations and automating production processes wherever possible. In some cases, these efficiencies have resulted in fewer jobs even though production volumes have recovered and reached new all-time highs. Oregon's primary industry, lumber and wood products, is one such example.

Almost 90% of the 95,700 new wage and salary jobs added in the 1982-86 period came in nonmanufacturing. Although every nonmanufacturing industrial category except mining increased employment, the service and trade industries accounted for nearly nine out of every ten new nonmanufacturing jobs. Job growth was especially strong in food stores, eating and drinking places, health care and business services. The following discussion of employment trends by sector is based on data compiled by Standard Industrial Classification (SIC) codes. Exhibit 2 presents Oregon nonagricultural wage and salary employment since 1976. Exhibit 3 compares Oregon and U.S. nonagricultural employment in 1986.

Manufacturing Employment Trends

The major trend which appeared in manufacturing employment in Oregon from 1977 to 1986 was the increasing diversification of the economy and decreasing dependence on lumber and wood products as the primary industry. Since 1950, lumber and wood manufacturing employment's share of total manufacturing employment has dropped from about 58% to about 32.5%.

The manufacturing of durable goods has consistently comprised a larger segment of manufacturing employment than nondurable goods. In the period from 1977 to 1986, durable goods have remained at 71-75% of total manufacturing employment, with nondurable goods staying between 25-29% of total manufacturing employment. Recessionary influences reduced

EXHIBIT 2

OREGON NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (1)
CALENDAR YEARS AVERAGES
1972 STANDARD INDUSTRIAL CLASSIFICATION
(Numbers in Thousands)(2)
(Not seasonally adjusted)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Total All Industries	$936.9	$1,009.4	$1,056.2	$1,044.6	$1,018.4	$960.8	$966.7	$1,006.9	$1,030.0	$1,056.5
Manufacturing	206.1	219.1	228.5	215.1	202.7	185.7	188.8	201.1	199.3	196.7
Durable Goods	152.1	165.1	171.8	159.6	148.4	132.7	135.1	146.7	144.8	142.2
Lumber and Wood Products	79.4	81.4	81.2	69.5	63.8	55.6	62.6	66.7	63.6	63.9
Logging and Sawmills	40.8	41.4	41.9	36.9	33.0	29.1	32.8	35.4	33.5	32.8
Veneer and Plywood	24.3	24.5	24.3	20.5	19.0	16.7	17.7	17.6	16.3	16.7
Millwork and Structura Wood	7.3	8.0	7.7	6.2	6.1	5.2	7.2	8.2	8.8	9.4
Mobile Homes	2.6	3.0	3.0	2.1	1.9	1.3	1.5	1.7	1.4	1.3
Other Wood Products	4.4	4.5	4.3	3.8	3.8	3.3	3.5	3.8	3.7	3.7
Furniture and Fixtures	3.1	3.2	2.9	2.6	2.5	2.2	2.4	2.7	2.7	2.6
Stone, Clay and Glass Products	3.8	4.0	4.4	4.5	3.9	3.4	3.0	2.7	3.1	3.2
Primary Metals	9.7	10.4	11.1	11.0	10.2	8.1	7.5	9.1	8.8	8.5
Fabricated Metals	11.7	13.2	13.7	12.7	11.2	9.8	9.4	10.4	11.0	10.6
Machinery	13.5	15.4	17.3	17.7	18.0	16.5	15.2	15.9	15.5	14.7
Electrical Equipment and Supplies	4.6	6.1	8.6	9.8	10.0	10.1	10.7	13.8	13.9	13.0
Transportation Equipment	9.9	12.0	12.2	10.3	8.9	7.9	7.1	8.5	9.2	10.1
Instruments and Related Products	14.2	17.1	18.2	19.3	17.4	16.8	14.8	14.4	14.6	13.1
Miscellaneous Manufacturing	2.2	2.3	2.2	2.2	2.5	2.3	2.3	2.6	2.4	2.5
Nondurable Goods	54.0	54.0	56.7	55.5	54.3	53.0	53.8	54.5	54.5	54.5
Food and Kindred Products	24.1	24.4	25.2	24.3	23.8	23.7	24.2	24.1	23.8	24.0
Textile Mill Products	2.1	2.2	2.2	2.0	1.8	1.8	1.7	1.7	1.6	1.5
Apparel	3.4	3.4	3.5	3.2	2.8	2.7	2.6	2.8	2.4	2.3
Paper and Allied Products	10.4	8.8	9.8	10.4	10.3	9.6	9.3	9.0	9.1	9.0
Printing and Publishing	8.8	9.5	10.0	10.0	10.2	10.0	10.4	11.0	11.5	11.6
Chemicals and Allied Products	2.3	2.4	2.4	2.3	2.2	2.1	2.2	2.0	2.1	2.1
Petroleum Refining	0.5	0.6	0.7	0.6	0.5	0.5	0.5	0.5	0.4	0.4
Rubber and Plastic Produc	2.1	2.4	2.6	2.4	2.4	2.3	2.5	2.8	3.2	3.3
Leather Products	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5	0.4	0.4
Nonmanufacturing	730.8	790.3	827.7	829.5	815.7	775.1	779.1	805.8	830.7	859.8
Mining and Quarrying	1.8	2.2	2.4	2.3	2.2	1.8	1.6	1.6	1.5	1.4
Contract Construction	42.6	48.8	53.0	46.5	37.5	28.9	27.0	30.2	33.1	34.1
Transportation, Comm. and Utilities	53.7	56.9	60.0	60.5	59.3	56.7	55.4	57.1	57.3	57.0
Transportation	32.9	34.6	36.0	35.4	34.1	31.9	32.0	34.3	35.4	35.6
Communications	13.3	14.5	15.8	16.3	16.1	15.9	14.8	14.2	13.2	12.8
Utilities	7.5	7.8	8.2	8.8	9.1	8.9	8.7	8.6	8.7	8.6
Trade	225.7	245.6	256.6	255.6	253.5	238.7	242.6	253.0	258.6	268.1
Wholesale	58.5	63.2	67.0	67.4	67.0	62.7	62.6	64.5	65.8	67.8
Retail	167.2	182.4	189.8	188.2	186.5	176.0	180.0	188.4	192.8	200.4
Finance, Insurance, and Real Estate	57.6	64.2	69.1	70.0	68.5	64.9	64.5	65.4	66.8	69.6
Services	162.6	175.5	185.7	191.4	192.1	188.6	194.6	204.5	215.6	230.2
Government	186.8	197.1	200.7	203.2	202.6	195.5	192.3	194.1	197.7	199.3
Federal	27.7	29.1	29.9	30.8	29.5	29.1	29.0	29.3	29.6	29.0
State	52.1	53.6	54.4	55.3	53.1	50.8	51.7	52.3	53.8	54.5
Local	107.0	114.4	116.4	117.1	120.0	115.6	111.5	112.5	114.3	115.9

(1) Includes full and part-time nonfarm wage and salary workers. Job totals are on a place of work basis and are not adjusted for multiple job holders. Data are thus not directly comparable to total employment data given elsewhere in this publication.
(2) Excludes 100 or more workers involved in labor management disputes.
Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.

EXHIBIT 3

COMPARATIVE NONAGRICULTURAL EMPLOYMENT, 1986

	Oregon			U.S.		
	Employment (In thousands)	Percent Total Manufacturing Employment	Percent of Total Nonagricultural Employment	Employment (In thousands)	Percent of Total Manufacturing Employment	Percent of Total Nonagricultural Employment
Manufacturing	196.7	100.0%	18.6%	19,187	100.0%	19.2%
Durable	142.2	72.3	13.5	11,346	59.1	11.3
Lumber and Wood	63.9	32.5	6.0	727	3.8	0.7
Furniture and Fixtures	2.6	1.3	0.2	497	2.6	0.5
Stone, Clay and Glass	3.2	1.6	0.3	595	3.1	0.6
Metals	19.1	9.7	1.8	2,208	11.5	2.2
High Technology(1)	40.8	20.7	3.9	4,968	25.9	5.0
Transportation Equipment	10.1	5.1	1.0	1,985	10.3	2.0
Miscellaneous Manufacturing	2.5	1.3	0.2	367	1.9	0.4
Nondurable	54.5	27.7	5.1	7,841*	40.4	7.8
Food	24.0	12.2	2.3	1,641	8.6	1.6
Textiles and Apparel	3.8	1.9	0.4	1,824	9.5	1.8
Paper	9.0	4.6	0.9	690	3.6	0.7
Printing and Publishing	11.60	5.9	1.1	1,479	7.7	1.5
Chemicals	2.1	1.1	0.2	1,027	5.4	1.0
Miscellaneous(2)	4.1	2.1	0.4	1,119	5.8	1.1
Contract Construction	34.1	-	3.2	4,961	-	5.0
Mining	1.4	-	0.1	792	-	0.8
Transportation, Communication and Public Utilities	57.0	-	5.4	5,285	-	5.3
Wholesale and Retail Trade	268.1	-	25.4	23,829	-	23.8
Finance, Insurance and Real Estate	69.6	-	6.6	6,304	-	6.3
Services	230.2	-	21.8	23,073	-	23.0
Government	199.3	-	18.9	16,738	-	16.7
Federal	29.0	-	2.7	2,899	-	2.9
State and Local	170.4	-	16.1	13,840	-	13.8
TOTAL	1,029.0			100,168		

(1) High Technology includes SIC codes Machinery, Electrical Equipment and Supplies and Instruments.
(2) Miscellaneous includes SIC codes Petroleum Refining, Rubber and Leather.
* Total for Nondurable Manufacturing includes tobacco manufacturing.
Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.

manufacturing employment from 1979 peaks in the first years of this decade; however, 1986 showed a 5.9% gain in manufacturing employment over 1982 levels.

The area of manufacturing employment which has shown the greatest increase has been high technology industries, including machinery, electrical equipment, instruments and related products. Since 1954 when the industries entered Oregon, growth has been fairly steady, increasing from 12.2% of total manufacturing employment in 1970, to 23.4% in 1982 and declining slightly to 20.7% in 1986.

During 1986, Oregon's economy displayed some strong gains. Nonfarm payroll employment rose by 2.6% over 1985 to 1,056,500, eclipsing the previous all-time peak reached in 1979. The state's annual average unemployment rate declined to 8.5% in 1986 from 8.8% in 1985. This rate, the lowest since 1980 when 8.3% of Oregon's labor force was unemployed, remained slightly above the national rate of unemployment which was 7.0% in 1986.

Exhibit 4 lists manufacturing employers with 1,000 or more employes. About one-third of the firms are in the forest products industry.

EXHIBIT 4

STATE OF OREGON
MANUFACTURING EMPLOYERS
WITH 1,000 OR MORE EMPLOYES

Firm Name	Major Product	Employment (1)
Tektronix, Inc.	Electronic Design and Service Tools	10,930
Weyerhaeuser Co., Inc.	Softwood Lumber and Paperboard	4,040
Intel Corp.	Semiconductor Integrated Circuits	3,250
Roseburg Forest Products Co.	Plywood	3,000
Precision Castparts Corp.	Investment Castings	2,600
Hewlett-Packard Corp.	Calculators, Defibrillators & Systems	2,425
Crown-Zellerbach Corp.	Paper & Packaging Materials	2,235
Willamette Industries	Plywood Sheathing, Particleboard & Kraft Paper	2,216
Freightliner Corp.	Trucks	2,200
Georgia Pacific Corp.	Plywood, Paneling, Veneer, Studs & Chips	1,718
Lamb-Weston, Inc.	Frozen French Fries	1,450
Boeing of Portland	Airframe Structures	1,400
Floating Point Systems, Inc.	Computer Processing Units	1,400
Trus-Joist Corporation	Fabricated Trus-Joists	1,400
Smurfit Newsprint Corporation	Lumber, Particleboard, & Newsprint	1,356
Nike, Inc.	Nike Footwear	1,350
Bohemia, Inc.	Softwood Plywood	1,299
Teledyne Wah Chang	Zirconium Wrought Products	1,260
Pozzi Window Company	Insulated Glass Window	1,200
Medford Corporation	Plywood & Veneer	1,185
Oregonian Publishing Company	Newspaper	1,162
Southwest Forest Industries	Plywood-Douglas Fir	1,128
Omark Industries, Inc.	Saw Chains and Accessories	1,047
Electro Scientific Ind., Inc.	Computer Controlled Laser Trimmers	1,000
J R Simplot	Frozen Potatoes	1,000
Ore-Ida Foods, Inc.	Frozen Foods	1,000

(1) Employment figures were reported by the firms on a questionnaire asking for 1985 average employment or by a telephone request.

Source: Directory of Major Manufacturing Plants, October 1986, Oregon Economic Development Department.

Durable Goods

Lumber and Wood Products

Forest products, still Oregon's major manufacturing industry, is affected by timber supply and economic conditions affecting the demand for housing nationwide.

Employment in lumber and wood products between 1977 and 1986 showed short-term cyclical fluctuations due primarily to national economic trends rather than availability of timber. The nonagricultural wage and salary employment for lumber and wood products was 79,400 in 1977, peaked at 85,100 in August 1978 and bottomed out at 51,700 in January, 1982. In 1986, employment in the wood products industry averaged 63,900, an increase of 14.9% over 1982. Obstacles still remain to full recovery in this industry - primarily transportation costs to southern and eastern markets, and foreign competition. Many mills have automated and improved productivity significantly. Although employment in 1986 was 21% lower than 1979, timber harvest and lumber production exceeded 1979 levels.

The state estimates that 49% of Oregon is forested. Oregon has over 24.2 million acres of commercial forest land and has ranked first among the states in sales of all forest products since 1938.

Primary and Fabricated Metals

Employment in primary and fabricated metals stood at 19,100 in 1986, 23% lower than the 1979 peak of 24,800. Growth in this industry is dependent upon increasing domestic and foreign needs for metal and metal products. Metals industry production requires substantial amounts of energy and will continue to be affected by energy costs and supply.

High Technology

High technology has been one of the fastest growing industry groups in the manufacturing sector in the past decade. The strong emergence of high technology industries has broadened the state's industrial base, which in turn strengthened Oregon's resistance to the national economic downturn. Employment in electrical equipment and supplies increased from 4,600 in 1977 to 13,000 in 1986, an increase of 183%. Instruments and related products employment decreased by 7.7% from 14,200 in 1977 to 13,100 in 1986, and employment in machinery manufacturing increased from 13,500 to 14,700 an increase of 8.9% in the same time period. High technology employment showed major gains from 1972 to 1980, when employment gains peaked. In recent years, these industries have had employment declines which mirror the national situation. Oregon's largest employer, Tektronix, Inc., is in this industry, primarily manufacturing electrical measuring instruments and test equipment.

Transportation Equipment

Nearly one-sixth of the employes involved in manufacturing transportation equipment in Oregon work for motor home and travel trailer companies. Other significant areas of employment are builders of truck and bus bodies, railroad cars and aircraft parts. After several years of decline during the recession, this sector has expanded by 42% since 1983 to reach 10,100 in 1986.

Nondurable Goods

Food and Kindred Products

Food and kindred products employment increased from 24,100 in 1977 to a high of 25,200 in 1979, an increase of 10.0%.

Since 1979, employment has been relatively stable at about 24,000. Food products as a proportion of total manufacturing employment was about 12% in 1986.

Although few job openings are expected on an average annual basis, significant numbers of short-term openings (i.e., less than three months) are available during the Summer and Fall because of the seasonal increase in employment brought about by agricultural harvesting activities.

Paper and Allied Products

In both 1977 and 1980, Oregon employed 10,400 workers in the paper and allied products industry. Employment dropped to 9,000 by 1984 where it remained through 1986.

Favored by growing domestic and foreign markets, the long-term outlook for the paper industry nationally is promising. The firms in Oregon producing paper products have demonstrated less sensitivity to cyclical economic trends than the lumber and plywood companies. Demand for paper and paper products remains fairly strong in both the national and international markets.

Printing and Publishing

Employment in the publishing and printing industry increased between 1977 and 1986 from 8,800 to 11,600, a gain of 31.8%. This 1986 total represents a new all-time high.

Nonmanufacturing Employment Trends

Nonmanufacturing contains a wide variety of industries which accounted for 78.0% of nonagricultural wage and salary employment in Oregon in 1977, and rose to 81.4% in 1986. The number employed in this sector increased from 730,800 in 1977 to 829,500 in 1980 and in 1986 stood at 859,800. Nearly one-third of all nonmanufacturing employes are in wholesale and retail trade.

Exhibit 5 charts the growth of nonmanufacturing and trade employment between 1977 and 1986. Exhibit 6 compares Oregon and U.S. nonagricultural wage and salary employment for the period 1977 to 1986.

Contract Construction

Long-range employment requirements in contract construction are difficult to project because of the types of variables which affect construction activity. Examples of these variables are the national economy, interest rates, and housing demand.

Employment in this sector grew from 42,600 in 1977 to a high of 53,000 in 1979. Hit hard by recession, construction employment declined to 27,000 by 1983. Since then, construction employment has risen gradually to 34,100 in 1986, reflecting a rebound in residential building and lower interest rates.

Transportation, Communications and Public Utilities

Employment in transportation, communication, and public utilities rose from 53,700 to 57,000 from 1977 to 1986, an increase of 6.1%. In 1986 this group comprised 6.6% of nonmanufacturing employment.

Wholesale and Retail Trade

The trade industries grew by 18.8% between 1977 and 1986. Employment rose to 268,100 in 1986, up from 225,700 in 1977 and up by

EXHIBIT 5

STATE OF OREGON
NONMANUFACTURING EMPLOYMENT TRENDS
1977-1986

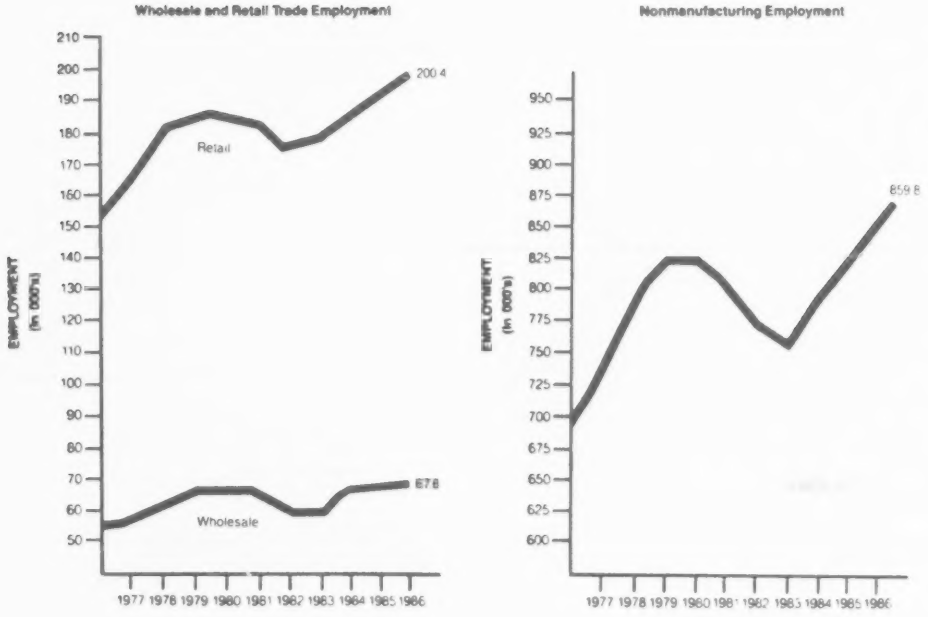


EXHIBIT 6

COMPARATIVE INDEXED NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

	Oregon Data (000)		National Data (000)	
Year	Annual Average	Index(1)	Annual Average	Index(1)
1977	936.9	100.0	82,471	100.0
1978	1,009.4	107.7	86,697	105.1
1979	1,056.2	112.7	89,823	108.9
1980	1,044.6	111.5	90,406	109.6
1981	1,018.4	108.8	91,156	110.5
1982	960.8	102.6	89,566	108.6
1983	966.7	103.2	90,196	109.4
1984	1,006.9	107.5	94,461	114.5
1985	1,030.0	109.9	97,690	118.5
1986	1,056.5*	112.8	100,193	121.5

(1) The index is based on the 1977 annual average. Using 100 as the base, the index is determined by dividing the annual average for the current period by the annual average for 1977.
*Preliminary Data
Source: Oregon Department of Human Resources, Employment Division.

3.7% in the past year alone. During this decade, employment in retail trade rose at a more rapid rate than wholesale trade (19.9% to 15.9%). All trade represented 31.2% of nonmanufacturing employment in 1986 and 25.4% of all nonagricultural wage and salary employment. Retail food stores employment has been strong in recent years, increasing 35.7% from 23,500 in 1979 to 31,900 in 1986.

Finance, Insurance and Real Estate

Growth in this area was significant between 1972 and 1980. Industry employment peaked at 70,000 in 1980 before falling to 64,500 in 1983. The increase in employment in this sector between 1977 and 1986 was 20.8%. The 1980-83 decline can be attributed, in part, to closure of recession weakened real estate offices and mergers of financial institutions. Since 1983, Finance, Insurance and Real Estate rose 7.9% to 69,600 in 1986.

Services

Service employment grew from 162,600 in 1977 to 230,200 in 1986, an increase of 41.6%. This area comprises 26.8% of nonmanufacturing employment.

Growth in employment in this industry group results primarily from increases in population, disposable income and growing demand for personal, business, medical and protective services. Gains have also been made in private education and amusements. Employment in health services has shown a 22.0% increase from 1979 employment of 59,600 to 1986 employment of 72,700.

Government

Most government employment in the state is with state and local governments. The federal government employed 29,000 persons in Oregon in 1986, an increase of 4.7% of 1976 levels, but below peak employment of 30,800 in 1980.

State employment also reached its highest level in 1980 at 55,300 but declined to 54,500 in 1986. The state's employment change over the 1977-86 period was up by 4.6%. Greatest growth occurred at the local level where employment rose from 107,000 in 1977 to 115,900 in 1986 - an increase of 8.3%. The 1979 Legislative Assembly enacted a law limiting state government employment to not more than 1.6% of the state's official population. Certain employe groups, however, are exempt from this limitation.

Exhibit 7 compares 1986 manufacturing employment in Oregon to the United States by type of industry.

Exhibit 8 summarizes employment and unemployment data as compared to the United States for 1970 through February 1987.

EXHIBIT 7

COMPARATIVE MANUFACTURING EMPLOYMENT, 1986

Manufacturing By Industry	Oregon Employment (in thousands)	Oregon Percent of Total Manufacturing	U.S. Employment (in thousands)	U.S. Percent of Total Manufacturing
Lumber and Wood	63.9	32.5%	727	3.8%
Furniture and Fixtures	2.6	1.3	497	2.6
Stone, Clay and Glass	3.2	1.6	595	3.1
Primary Metals	8.5	4.3	768	4.0
Fabricated Metals	10.6	5.3	1,439	7.5
Machinery	14.7	7.5	2,082	10.9
Electrical Equipment and Supplies	13.0	6.6	2,169	11.3
Transportation Equipment	10.1	5.1	1,985	10.3
Instruments	13.1	6.6	717	3.7
Miscellaneous Manufacturing	2.5	1.3	367	1.9
Food	24.0	12.2	1,641	8.3
Tobacco	0	0	61	0.3
Textiles	1.5	0.7	709	3.7
Apparel	2.3	1.2	1,115	5.8
Paper	9.0	5.0	690	3.6
Printing and Publishing	11.6	5.9	1,479	7.4
Chemicals	2.1	1.0	1,027	5.4
Petroleum Refining	0.4	0.2	164	0.9
Rubber	3.3	1.7	801	4.2
Leather	0.4	0.2	154	0.8
Total	196.7	100.0%	19,187	100.0%

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.
Note: Columns may not add to 100 due to rounding.

EXHIBIT 8

COMPARATIVE EMPLOYMENT AND UNEMPLOYMENT RATES*
(ANNUAL AVERAGES, IN THOUSANDS)

Date	Civilian Labor Force OR	Civilian Labor Force U.S.	Unemployed OR	Unemployed U.S.	Unemployed Rate OR	Unemployed Rate U.S.	Oregon Rate as % of U.S. Rate
1970	865	82,771	62	4,093	7.1%	4.9%	144.9%
1971	903	84,382	68	5,016	7.6	5.9	128.8
1972	959	87,034	66	4,882	6.8	5.6	121.4
1973	1,001	89,429	62	4,365	6.2	4.9	126.5
1974	1,015	91,949	76	5,156	7.5	5.6	133.9
1975	1,039	93,775	110	7,929	10.6	8.5	124.7
1976	1,068	96,158	102	7,406	9.6	7.7	124.7
1977	1,130	99,009	83	6,991	7.3	7.1	102.8
1978	1,196	102,251	72	6,202	6.0	6.1	98.4
1979	1,217	104,962	83	6,137	6.8	5.8	117.2
1980	1,295	106,940	105	7,637	8.3	7.1	116.9
1981	1,337	108,670	132	8,273	9.9	7.6	130.3
1982	1,324	110,204	153	10,678	11.5	9.7	118.6
1983	1,341	111,550	145	10,717	10.8	9.6	112.5
1984	1,335	113,544	125	8,539	9.4	7.5	125.3
1985	1,316	115,461	116	8,312	8.8	7.2	122.2
1986	1,347	117,834	114	8,237	8.5	7.0	121.4
January, 1987	1,393	119,034	101	8,023	7.2	6.7	107.5
February	1,380	119,349	90	7,967	6.5	6.7	97.0
March	1,364	119,222	86	7,854	6.3	6.6	95.5
April(1)	1,351	119,335	78	7,500	5.8	6.3	92.1

(1) Preliminary Data
* Monthly dates are seasonally adjusted and are subject to revision.

Source: State of Oregon, Department of Human Resources, Employment Division.

Economic Characteristics

Agriculture

Agriculture is Oregon's second largest industry, with gross farm sales of over $1.85 billion in 1986. Oregon's highly diversified agricultural base reported 83 commodities with sales of $1 million or more in 1986. Of this number, 36 reported gross sales of $10 million or more. This diversity is facilitated by the state's varied topography, rich soil and moderate climate.

Oregon agriculture continues to follow the national trend of increasing capital intensity. Agricultural employment has been decreasing as constant dollar output has increased. Although every county in the state is involved in agricultural production, activity is concentrated in the fertile Willamette Valley. Recent agricultural expansion has been the result of more efficient methods and increased use of irrigation.

The top ten cash commodities for 1986 were: cattle and calves, $289.6 million; dairy, $176.3 million; wheat, $133.5 million; nursery crops, $119.3 million; potatoes, $96.6 million; alfalfa hay, $62.7 million; farm forest products, $79.1 million; pears, $52.4 million; Christmas trees, $47.4 million, and eggs, $37.2 million. A description of farm cash receipts by general commodity group since 1981 is provided in Exhibit 9.

Housing

Oregon's new housing activity varied substantially more during the late seventies and early eighties than did new housing activity nationwide. From 1975 to 1978, national housing starts increased from 1.3 million to 2.0 million, an increase of about 55%. During the same period, the number of units in Oregon authorized by building permits expanded from 20,144 to 38,217, an increase of 90%. From 1979 to 1982, national housing starts dropped from 1.7 million to 1.1 million, a 55% decrease. During the same period the number of units in Oregon authorized by building permits went from 27,588 to 7,351. The 1982 figures were only 27% of the 1979 numbers. Since 1982, the upward trend in Oregon's new residential building activity has been much closer to the national trend.

During the late seventies, the upturn in Oregon's economy plus the large differences between conventional interest rates and the rates on loans provided by the Oregon Department of Veterans' Affairs made DVA Oregon's largest lender. By mid-1980, the difference between conventional interest rates and DVA's rates had largely disappeared, so that DVA became a much smaller factor in the state's housing market. By 1986, data indicated that DVA garnered less than 5% of Oregon's housing sales.

Exhibit 10 summarizes the annual totals for building permit activity since 1973.

Population

Oregon's July 1, 1986, population was determined to be 2,659,500 by Portland State University's Center for Population Research and Census, the state's official bureau for population data. Since 1960, the state's population has increased by over 50%.

Based on percent change (25.9% from April 1, 1970, to April 1, 1980), Oregon ranked thirteenth among the states in rate of

EXHIBIT 9

OREGON GROSS FARM SALES

Commodity	Value (Millions of dollars) 1981	1982	1983	1984	1985	1986	1986 % of Total Value
ALL CROPS	$1,136.9	$1,076.5	$1,151.5	$1,178.2	$1,211.4	$1,230.5	66.2%
Grains	328.3	294.2	299.2	288.1	246.4	177.4	9.5
Hay and Silage	55.2	69.4	80.9	79.4	84.6	81.4	4.4
Grass and Legume Seeds	106.4	101.0	105.1	95.2	122.2	132.2	7.1
Field Crops	163.3	145.4	169.3	180.3	165.0	181.9	9.8
Tree Fruits and Nuts	96.5	98.2	89.5	86.1	119.6	121.5	6.5
Small Fruits and Berries	35.5	47.8	52.7	44.4	51.0	76.3	4.1
All Vegetable Crops	139.6	118.2	125.6	144.4	136.0	138.8	7.5
Specialty Products	212.2	202.2	229.0	260.4	286.5	320.9	17.3
ALL LIVESTOCK AND POULTRY	598.0	657.0	579.2	639.8	628.8	628.3	33.8
Cattle and Calves	295.0	354.3	275.0	320.0	305.0	289.6	15.6
Dairy Products	166.8	178.5	188.0	179.4	184.9	176.3	9.5
Eggs and Poultry	70.1	63.1	57.8	62.3	61.8	78.2	4.2
Miscellaneous Animals	66.1	61.1	58.4	78.1	77.0	84.2	4.5
TOTAL ALL SALES	$1,734.9	$1,735.5	$1,730.7	$1,818.0	$1,840.2	$1,858.9	

Source: Oregon State University, Extension Economic Information Office.

EXHIBIT 10

OREGON BUILDING PERMITS(1)

Year	Single-Family Dwellings	Percent Change	Multi-Family Dwellings	Percent Change
1973	13,153	-7.5%	9,639	-40.2%
1974	10,732	-18.4	4,739	-50.8
1975	14,527	+35.4	5,617	+18.5
1976	20,505	+41.2	10,687	+90.3
1977	25,986	+26.7	13,506	+26.4
1978	25,316	-2.6	12,901	-4.5
1979	17,426	-31.2	10,162	-21.2
1980	13,525	-22.4	5,651	-44.4
1981	8,016	-40.7	4,102	-27.4
1982	4,881	-39.1	2,470	-39.8
1983	6,759	+38.5	1,634	-33.8
1984	6,244	-7.6	1,940	+18.7
1985	6,559	+5.0	5,001	+257.8
1986	7,168	+7.1	3,308	-29.0

Source: State of Oregon, Department of Commerce, Housing Division

(1) Beginning in 1983, data reflect an adjustment for nonreported building activity. This adjustment factor is approximately 3%.

population growth during the last decade. In 1977 and 1978, Oregon recorded population increases of more than three times the national average. In 1981 this trend was reversed as Oregon grew by only 0.78% compared to the national rate of 1.00%. From July 1, 1981, to July 1, 1983, the state's population dropped .97%, with net outmigration of 64,589. Oregon's population has fluctuated up and down during the present decade before settling in 1986 at .74% greater than the 1980 census amount. Compared to the 1980 census, 1986 population has grown 1%.

There are four major urban population areas in Oregon. The City of Portland, located in Multnomah County, is the state's largest city with a population of 398,160 as of July 1, 1986. The Oregon portion of the Portland Consolidated Metropolitan Statistical Area (CMSA), which is comprised of Clackamas, Multnomah, Washington, and Yamhill counties had a population of 1,144,800 at that time (not included in that figure is Clark County, Washington, which is a part of the CMSA).

The second largest urban center is the Eugene metropolitan area located in Lane County at the southern end of the Willamette Valley. Eugene had a population of 106,480 as of July 1, 1986. The Eugene-Springfield MSA had a population of 261,650 on that date. Salem, the state's third largest city, had a population of 93,300 on July 1, 1986 (MSA: 254,800). Salem, situated in the heart of the Willamette Valley, is the State Capital. The City of Medford, and Jackson County, were designated as a new MSA as a result of the 1980 Census. The population of the Medford MSA as of July 1, 1986 was 138,400.

As can be seen from this description of population distribution, most of the state's residents are located in the Willamette Valley. Approximately 70% of Oregon's population reside in this valley.

Exhibit 11 presents comparative population information for Oregon and the United States between 1940 and 1986.

Personal Income

Per capita personal income as a percentage of the national average rose steadily in the last decade from 96% in 1970 to 102% in 1978. The average increase in per capita income in Oregon for 1970 through 1980 was 9.7% compared with 9.4% for the United States. In recent years the rate of growth of per capita income in Oregon has slowed to slightly less than the national average.

Exhibit 12 shows per capita personal income since 1960 for Oregon, the United States and four of Oregon's Metropolitan Statistical Areas, Portland, Eugene, Salem and Medford.

Exhibit 13 shows total personal income, rates of change, and comparisons to the United States for the period from 1970 to 1985.

Consumer Price Index

Between 1972 and 1980, inflation in the Portland SMSA increased more rapidly than in the nation as a whole. Beginning in 1981, inflation in Portland slowed to an annual average rate less than the nation's rate of inflation. In 1985, the Portland rate (3.8%) again exceeded the national rate (3.6%). Exhibit 14 shows the change in CPI since 1970 for the Portland SMSA and the United States.

EXHIBIT 11

COMPARATIVE
POPULATION GROWTH
OREGON AND UNITED STATES, 1940-1986
(As of July 1)

Year	Oregon	% Change	United States	% Change
1940	1,090,000	–	132,165,000	–
1950	1,521,000	39.54%	151,326,000	14.50%
1960	1,769,000	16.31	179,323,000	18.50
1970	2,091,500	18.23	203,984,000	13.75
1980	2,639,915	26.22	227,738,000	11.64
1981	2,660,735	0.78	230,019,000	1.00
1982	2,656,185	-0.17	232,309,000	0.99
1983	2,635,000	-0.80	234,496,000	0.94
1984	2,660,000	0.95	236,634,000	0.91
1985	2,675,800	1.52	239,283,000	1.12
1986	2,659,500	-0.61	241,077,000	0.75

Sources: 1940-1960 - State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.
1970-1986 - Center for Population Research, Portland State University (estimates are as of July 1 of year shown.)

EXHIBIT 12

COMPARATIVE
PER CAPITA INCOME
1970-1985
(Current Dollars)

	Portland PMSA	Eugene MSA	Salem MSA	Medford MSA	Oregon	Percent Change	U.S.	Percent Change	Oregon As Percent of U.S.
1970	$ 4,241	$ 3,278	$ 3,427	$ 3,156	3,881	6.2%	4,051	6.4%	96%
1971	4,503	3,549	3,647	3,458	4,137	6.6	4,296	6.0	96
1972	4,889	3,932	3,984	3,865	4,542	9.8	4,664	8.6	97
1973	5,395	4,401	4,591	4,190	5,043	11.0	5,181	11.1	97
1974	5,993	4,759	5,004	4,558	5,589	10.8	5,644	8.9	99
1975	6,475	5,128	5,345	4,904	6,011	7.6	6,069	7.5	99
1976	7,185	5,847	5,981	5,452	6,725	11.9	6,647	9.5	101
1977	7,894	6,640	6,546	6,047	7,370	9.6	7,289	9.7	101
1978	8,872	7,388	7,205	6,874	8,270	12.2	8,133	11.6	102
1979	9,861	8,089	7,969	7,570	9,134	10.4	9,025	11.0	101
1980	10,701	8,415	8,570	8,206	9,817	7.5	9,910	9.8	99
1981	11,458	8,959	9,174	8,652	10,399	5.9	10,940	10.4	95
1982	11,688	9,075	9,527	8,805	10,527	1.2	11,470	4.8	92
1983	12,237	9,670	9,987	9,571	11,224	6.6	12,093	5.4	93
1984	13,247	10,565	10,838	10,468	12,011	7.0	13,114	8.4	92
1985	NA	NA	NA	NA	12,622	5.1	13,867	5.7	91

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.
Note: Oregon and US values are based on the recently revised National Income and Products Accounts definitions, while the MSA data are based on the old definitions.

EXHIBIT 13

COMPARATIVE
PERSONAL INCOME
1970–1985
(Millions of Current Dollars)

Year	Oregon	Percent Change	U.S.	Percent Change	Oregon as % of Total
1970	8,152	NA	825,528	NA	0.99
1971	8,893	9.1	888,453	7.6	1.00
1972	9,971	12.1	976,071	9.9	1.02
1973	11,291	13.2	1,095,076	12.2	1.03
1974	12,747	12.9	1,204,070	10.0	1.06
1975	13,974	9.6	1,307,539	8.6	1.07
1976	15,952	14.2	1,446,099	10.6	1.10
1977	17,977	12.7	1,601,844	10.8	1.12
1978	20,754	15.4	1,806,207	12.8	1.15
1979	23,550	13.5	2,026,684	12.2	1.16
1980	25,930	10.1	2,252,021	11.1	1.15
1981	27,759	7.1	2,512,327	11.6	1.10
1982	28,096	1.2	2,660,940	5.9	1.06
1983	29,856	6.3	2,833,184	6.5	1.05
1984	32,147	7.7	3,101,402	9.5	1.04
1985	33,921	5.5	3,310,545	6.7	1.02

Source: U.S. Department of Commerce, Bureau of Economic Anlaysis, Regional Economic Information System.
N.A.: Not applicable.

EXHIBIT 14

CONSUMER PRICE INDEX*
FOR OREGON AND U.S.
(Annual Averages)
1970–1986

	Portland SMSA		United States	
Year	CPI	Percent Change	CPI	Percent Change
1970	113.2	NA	116.3	NA
1971	116.1	2.6%	121.3	4.3%
1972	119.5	2.9	125.3	3.3
1973	127.3	6.5	133.1	6.2
1974	142.8	12.2	147.7	11.0
1975	156.5	9.6	161.2	9.1
1976	167.0	6.7	170.5	5.8
1977	180.2	7.9	181.5	6.5
1978	198.4	10.1	195.4	7.7
1979	225.4	13.6	217.4	11.3
1980	255.4	13.3	246.8	13.5
1981	278.2	8.9	272.4	10.4
1982	287.0	3.2	289.1	6.1
1983	290.1	1.1	298.4	3.2
1984	301.0	3.8	311.1	4.3
1985	312.4	3.8	322.2	3.6
1986	316.8	1.4	328.4	1.9

* The Consumer Price Index is computed using 1967 = 100 as base year. All urban consumers.
Source: U.S. Bureau of Labor Statistics.
N.A.: Not applicable.

Energy

State Energy Policy

Historically, the Pacific Northwest energy picture has been dominated by the availability of plentiful, low-cost hydroelectric power. Although electricity is still less expensive in Oregon than in many areas of the country, the last major hydro generating plant on the Columbia River was completed in 1975. National shortages and dependence on imported oil, rapid population growth and increasing energy consumption in the state over the 1970's, and the lack of a comprehensive federal energy program contributed to the state's decision to formulate and implement its own energy policy.

The 1975 Legislature set the framework for Oregon's energy planning with the creation of the Oregon Department of Energy (ODOE), which has the responsibility for implementing and managing the state's energy policy. The policy states:

> Continued growth and demand for nonrenewable energy forms poses a serious and immediate, as well as future, problem. It is essential that future generations not be left a legacy of vanished or depleted resources, resulting in massive environmental, social, and financial impact.
>
> It is the goal of Oregon to promote the efficient use of energy resources and to develop permanently sustainable energy resources.

The Department of Energy has responsibility for energy conservation, renewable resources, energy planning, long-range supply and demand forecasting, energy facility siting, and regulation and monitoring. The 1983 Legislature also directed ODOE to prepare a State Energy Plan every two years.

Oregon's Energy Facility Siting Council has jurisdiction over major energy facilities in Oregon. A Need-for-Power plan was developed in 1981 and again in 1983 to reflect new programs and policies adopted by the Legislature and instituted under the Regional Power Act.

On January 1, 1987, ODOE published the State's Second Biennial Energy Plan. The State Energy Plan sets forth actions, programs and resources to meet Oregon's long-term energy needs consistent with the State's energy policy. This plan is consistent with the Northwest Power Planning Council's regional plan and the Need-for-Power standard set by the Energy Facility Siting Council.

The plan includes actions that ODOE intends to take. It also recommends action by the Legislature, local governments and other state and federal agencies.

Regional Energy Policy

In November 1980, Congress passed the Pacific Northwest Electric Power Planning and Conservation Act. The bill establishes a mechanism for planning and financing new energy resources on a regional basis. Substantial funding is provided under the bill to promote conservation and renewable resources throughout the region.

The Act established a Regional Planning Council to develop a regional conservation and electric power supply plan by April, 1983. The eight member council comprises representatives of Idaho, Montana, Oregon, and Washington. The Regional Power Act stresses conservation, renewable resources,

and cogeneration. The Act directed the Council to complete a program aimed at protecting and enhancing the fish and wildlife along the Columbia River System and increasing water flows to carry the fish down the Columbia to the Pacific Ocean. The Council adopted a 20 year plan on January 23, 1986.

Energy Use

Energy is a large part of Oregon's economy. In 1985, more than $4 billion was spent on oil, electricity, natural gas, and other energy forms.

Business is the state's biggest energy user. In 1983, business accounted for 41 percent of total energy use. Paper plants and lumber mills are the major users. They accounted for more than one-quarter of the state's total energy use.

In 1983, more than one-third of the total energy used was by households. They use energy to heat space, to heat water, and to run an array of appliances. These in-home uses accounted for 16 percent of total energy use. Another 18 percent was used by households to fuel cars and trucks. Transporting goods by air, ship, truck, and rail accounted for 20 percent of total energy use. Added to household car and truck use, transportation amounted to almost 40 percent of total use.

The rest, 5 percent, was used by farms, government, schools, and mining and construction firms.

Nearly half of the energy used in 1983 came from petroleum products: gasoline, distillate and residual oil, LPG, kerosene, and other oil products. Electricity accounted for 19 percent of total energy use. About 18 percent was supplied by lumber mill waste, other forest residue, and wood cut for home heating. Ten percent came from natural gas. Table A shows the energy sources and the share of total energy use each provided.

TABLE A
1983 ENERGY USE BY SOURCE

		Use (trillion Btu)	Percent of Total
Petroleum		285	46%
Gasoline	150		
Distillate & Residual	120		
Other Products	15		
Electricity		120	19
Wood		112	18
Natural Gas		65	10
Spent pulping liquor		38	1
Other		5	-
Total		625	100%

Existing Energy Resources

Electricity, petroleum, natural gas, and biomass have been the state's main energy sources. In the mid-1980-s, renewables other than hydro and biomass joined the market. And, conservation became an energy source. Each will help meet our needs.

Electricity

The state has a mix of electricity sources. We are part of a large power system in the region. Some of the power we produce is sold to other states. And, power from other states is used here.

Resources Within The State

The state has a total peak capacity of 7,693 megawatts (MW). It has firm generation of 3,683 average megawatts (AMW) from utility resources. (An AMW is the power from one megawatt of capacity over one year.) Industry sells about 53 AMW to utilities. Industry produces and uses 100 AMW.

Hydro is the largest source with 2,390 AMW. About 1,500 AMW are from the four Columbia River dams run by the U.S. Army Corps of Engineers. More than 225 AMW are from the Snake River dams owned by Idaho Power.

The rest of the hydro resources are projects on the major state rivers. The U.S. Government owns 171 AMW of these. Of the rest, Portland General Electric owns 213 AMW; Pacific Power and Light owns 238 AMW; and Eugene Water and Electric Board (EWEB) owns 43 AMW.

Trojan is the only nuclear power plant in the state. It has a peak capacity of 1,080 MW and 750 AMW of firm energy. It is run by Portland General Electric, which owns 67.5% of the plant. Bonneville Power Administration controls 30%. Pacific Power and Light owns the rest.

Boardman is the only local coal plant in the state. It has a peak capacity of 530 MW and 370 AMW of firm energy. Portland General Electric owns 66% of the plant. Idaho Power, and a group of electric co-ops each own 10%. San Diego Gas & Electric owns 14 percent.

The rest of the state's power resources are combustion turbines.

Resources Outside The State

The two largest utilities in the State, Pacific Power and Light and Portland General Electric, own power plants outside the state. Most are coal plants.

Pacific Power and Light owns about 2,500 AMW of coal plants. Most of this output is from the Jim Bridger, Dave Johnston and Wyodak plants in Wyoming. The rest is from Colstrip 3 & 4 in Montana and Centralia in Washington. More than half of the output of these plants is used in Oregon.

Pacific Power and Light also owns three dams on the Lewis River in Washington. The dams have a total of 172 AMW. The company also owns small hydro projects in Washington and California.

Portland General Electric has only a small part of its resources outside the state. This is 176 AMW in the Colstrip 3 and 4 projects and 22 AMW in the two Centralia units.

Idaho Power Co. and CP National, provide less than three percent of Oregon's power. All their resources are outside the state.

The state has 35 public utilities. Only EWEB and Ashland own generation facilities. Pacific Northwest Generating Company owns 10% of the Boardman coal plant.

The rest of the publics load is met by Bonneville Power Administration. A group of large industries buys power directly from Bonneville Power Administration.

Bonneville Power Administration provides about 35% of Oregon's power. Bonneville Power Administration's system is mostly hydro. Bonneville Power Administration also controls thermal resources. Of these, The Washington Nuclear Project 2 nuclear plant is the largest. Bonneville Power Administration also controls 30 percent of Trojan and 60 percent of the power from the N-Reactor at Hanford.

If or when they are ever built, WNP 1 and 3 would provide power for Oregon. WNP 1 and WNP 3 are 74% and 65% complete. Construction has been halted. ODOE doubts that either will ever be on-line. Bonneville Power Administration controls both plants. Pacific Power and Light and Portland General Electric gave up control of their 20 percent of WNP 3 to Bonneville Power Administration.

Oregon's largest private utilities also buy power from other utilities. The contracts vary in term, amount, delivery timing, and price. The largest are long-term contracts that both Pacific Power and Light and Portland General Electric have with some Washington Public Utility Districts. Portland General Electric's contract is for more than 300 AMW of firm power. Pacific Power and Light's is for about 200 AMW. The power comes from dams on the middle Columbia.

Other contracts include Portland General Electric's and Pacific Power and Light contract's for power from the N-reactor at Hanford. Both also, have contracts with the Columbia Storage Power Exchange (CSPE).

Fossil Fuels

Except for recent finds of natural gas, Oregon has no known fossil fuel reserves. Oil products, natural gas, and some coal account for the lion's share of the state's energy use. Oregon must import almost all of each fuel.

Oil

Oregon imports all of its refined oil products. Most come from Puget Sound refineries by pipeline.

Some of the oil products come from Salt Lake City by pipeline. The rest come from California by tankers, trucks, and rail.

Natural Gas

Most of Oregon's natural gas comes from British Columbia under long-term contracts. In 1985 this was 59% of supply.

Most of the rest - 37 percent in 1985 - comes from the Rocky Mountains and the Southwest states.

In 1980, the first production of any type of fossil fuel in Oregon began. This was from wells near Mist owned by Northwest Natural Gas and two other firms. In 1985 these wells produced about 5 percent of natural gas used in the state

Coal

Little coal is used in the state other than for fueling the Boardman power plant. Most of the coal is used by a sugar refining

plant and a cement firm. Total coal use in 1983 was 167,000 tons. A small amount of coal is used to heat the homes. One hospital uses coal for space and water heating.

All of the coal comes from Wyoming and Montana.

Renewable Resources

Renewables as always have been a major part of Oregon's energy supply. Hydro has been the backbone of the state's power system. Wood and mill residues heat homes and fuel industry.

The energy crisis of the 1970's brought other renewables to the fore. The shortage sparked new interest in solar access and solar water heating, wind, and geothermal energy. Households, businesses, governments, and utilities got involved. Incentives helped to turn interest to action. We have made progress in each resource.

Solar

About 13,000 solar systems have been installed in Oregon since 1978. Ninety percent are solar water heaters. Most of the rest are passive space heating systems. The total savings of these solar systems is equal to the annual needs of more than 1,500 all-electric homes. There are more than 100 small photovoltaic systems at remote sites. More than 20 local governments have adopted solar access ordinances.

Geothermal

Geothermal provides more than 325 billion Btus of energy in Oregon. This is equal to the yearly needs of more than 1,500 all-electric homes. Most geothermal is for space heating. Some is used in food processing. Exploratory drilling for high temperature resources continues in the Cascade. A recent study concludes that Oregon has the best resources in the region.

Wind

There are 30 wind projects in the state. All but one are for household use. Oregon's only wind farm is at Whiskey Run in Coos County. The wind farm has 25 turbines and 1.25 MW capacity. Oregon State University is conducting two research projects on the farm. Bonneville Power Administration's studies for Cape Blanco and the region have been completed.

Cogeneration

Oregon has 35 cogeneration plants. Total capacity is about 320 MW. Nearly all are in the forest products industry. Six of these plants (70 MW) were built since 1984. Twelve are older plants (45 MW) that are now out of service because of low rates or mill closures. Most could be restarted. Two or three projects will be built in the next two years. These projects have older power sales contracts with higher rates.

Biomass

Biomass supplies 83 percent of the energy used by Oregon's lumber and wood products firms. About 68 trillion Btus were used in the lumber and wood products industry. The state's pulp and paper industry gets 62 percent of its energy from biomass. In 1983, wood residues provided about 10 trillion Btus to Oregon's paper industry. In 1983, pulping liquors provided 38 trillion Btu. These uses of biomass add up to higher than what the residential sector used in 1983.

Wastewater and solid waste also provide energy. The 11 MW Marion County facility in Brooks burns garbage. Eight wastewater plants produce 380 billion Btus of biogas from fermented sludge. The biogas is used for heat, steam, and electricity. An old landfill near Oregon City now collects and sells 140 billion Btus per year of biogas. These biogas projects produce energy equal to the yearly needs of more than 7,500 all-electric homes.

Hydro

Hydro is the state's main source of electricity. The U.S. Government, utilities, and private businesses have built 132 hydro projects. These have total peak capacity of more than 5,000 MW. Microhydro projects (100 KW or less) have a total capacity of about 1 MW. Hydro today is in a stormy time of regulatory change.

Conservation

Conserved energy took on a resource role after the 1973 crisis. Government and utilities saw conservation as the least costly option. Incentive and education programs started in the late 1970s to promote wise energy use.

Most of the programs of the 1970s are still with us. More have been added. These include stringent building codes, incentive programs for energy-efficient new homes, utility and state home weatherization programs, low-interest loan programs, business and residential tax credit programs, commercial audit programs, institutional building programs, and technical assistance programs.

Energy Forecasts

In its Second Biennial Energy plan, the Oregon Department of Energy forecasted future energy needs for the state by a complex methodology using end-use analysis and econometric modeling. Forecasts include projections of population, employment, energy intensiveness of manufacturing, income, price, and consumption by sector.

Energy use is forecast to grow slowly over the next two decades. ODOE forecasts an average annual rate of growth in total energy use of 0.5 percent for 1987 through 2007. Total energy is the sum of electricity, natural gas, oil, and coal use and wood used for home heating. It also includes self-generated electricity in the lumber and paper industries, spent pulping liquor, and wood and other residue.

Electricity use is forecast to grow the most rapidly. Between 1987 and 2007, electricity use is projected to grow at an average rate of 1.2 percent per year. That is the same for growth rate as population. Use of fuels is projected to grow at 0.3 percent per year.

Use of electricity for transportation - gasoline, jet fuel, and diesel for trucks, trains, and ships - remains the largest user. Use in the commercial sector grows at 1.1 percent per year. Although the sector with the fastest growth in use, it claims a small share of total use. Industrial energy use grows at an average 0.6 percent per year. Household use of energy grows at 0.4 percent. The agriculture and other sector use declines over time.

The residential sector is both the largest and fastest-growing user of electricity. Residential use is forecast to grow at an average yearly rate of 1.4 percent between 1987 and 2007. Commercial electricity use

is forecast to grow an average 1.3 percent per year. Growth in industrial sector electricity use is expected to be 1.1 percent per year. Other electricity use, which includes electricity used for the irrigation and street and highway lights, declines slightly over the forecast time.

The Second Biennial Energy Plan of the Department of Energy is available from the State of Oregon, Department of Energy (503) 378-4040.

Exhibit 15 shows energy consumption by type in Oregon since 1975.

EXHIBIT 15

STATE OF OREGON
CONSUMPTION OF ENERGY BY TYPE 1975-1984
(Trillion BTU)

Year	Coal	Natural Gas (Dry)	Petroleum	Nuclear Power	Hydro-electric Power (1)	Wood and Waste (2)	Sub Total	Electricity Exchanged Across State Borders (3)	Total Energy Consumed
1975	2.7	112.1	328.0	-	359.6	-	802.4	28.4	830.8
1976	5.9	94.3	332.9	23.2	367.0	0.5	823.8	16.0	839.8
1977	5.2	73.9	359.9	69.9	254.5	2.7	766.1	71.1	837.2
1978	4.7	87.5	384.6	17.1	330.6	1.4	825.9	73.6	899.5
1979	4.7	95.4	389.5	47.9	309.2	2.2	848.9	77.8	926.7
1980	12.4	80.6	368.7	58.8	314.0	1.7	836.2	60.0	896.2
1981	26.3	77.5	352.6	70.9	336.2	1.3	864.8	6.3	871.2
1982	12.1	72.7	345.8	53.1	471.4	0.4	955.5	-129.9	825.4
1983	9.3	69.1	312.4	40.2	470.8	*	901.8	-126.4	775.4
1984	11.4	81.0	325.9	51.1	483.6	0.0	953.0	-130.0	822.9

(1) Includes industrial and utility production.
(2) Consumed at utilities to produce electricity.
(3) Imports (export) of electricity to Oregon.
*BTU value less than 0.05, and physical unit value more than 0.5.
Note: Totals may not equal sum of components due to rounding.
Note: Totals do not include wood derived fuel consumed by the pulp and paper industry which amounted to an estimated 1.0 quadrillion BTU in the United States in 1978. Totals also exclude small quantities of other energy sources for which consistent historical data are not available, such as solar energy obtained by the use of thermal and photovoltaic collectors; wind energy; and geothermal, biomass, and waste energy other than that consumed at the electric utilities.
Source: U.S. Department of Energy, Energy Information Administration, State Energy Data Report, May 1986.

International Trade and Exports

Like other segments of Oregon's economy, geography and natural resources have played a role in the development of the state's international trade activities. The majority of the state's international trade occurs through the Port of Portland, where an efficient system for dealing with a large number of vessels has been developed, including modern grain elevators, cranes, break-bulk and containerized cargo facilities, and ship repair and drydock facilities. Other important ports are located at the coastal cities of Astoria, Newport and Coos Bay. The state has a total of twenty-three port districts - all located on navigable waterways.

The Port of Portland is one of the leading export ports on the West Coast. Grain, the principal export commodity, peaked with 1984's shipment of over 5 million tons (about $2.4 billion value) through the port. Motor vehicles by far are the leading import through the Oregon Customs District. In 1985, after 60 years of trade surpluses, the Oregon Customs District began experiencing a negative balance of trade, primarily because of reduced U.S. grain exports and increased importation of foreign automobiles.

The Oregon Customs District (which includes Astoria, Coos Bay, Newport and Portland, the Washington ports of Vancouver, Kalama and Longview and the Idaho port of Boise) had a substantial trade surplus throughout the last decade as both imports and exports grew significantly. The value of foreign exports from the Portland Customs District set an all-time record of $4.117 billion in 1984; however, subsequent years have seen a decline in exports and an increasingly negative balance of trade as has occurred on the national level. The chief export items through the District include wheat, barley, corn, alfalfa cubes, logs, lumber, paperboard, frozen potatoes, soaps/cleaners, soda ash, and sorghum. Chief imports, in addition to automobiles, include electrode pitch, footwear, gasoline, hardware, alumina, and wire. Exhibit 16 presents value of exports and imports of the Oregon Customs District from 1970 to 1985. Customs District data do not necessarily represent products of Oregon or having Oregon as final destination and exclude certain air cargos.

Tourism

Oregon has many outstanding features which favor development of tourism. The state is well-known for protection of its clean environment and natural scenic beauty. Within state boundaries exist major mountain ranges, vast coastal and desert regions, and multi-use and wilderness forest areas. The state has over 400 miles of seacoast, 47,000 miles of streams, 1,400 lakes and reservoirs, 223 state parks and a national park. While summer is traditionally the peak vacation season, tourism contributes all year to the state's economy and is enhanced by a mild, comfortable climate throughout the year and a wide variety of available leisure activities.

Year-to-year comparisons of visitors counted at the State's border welcome centers are key measurements of out-of-state travel in Oregon. In 1986, the previous record for the number of visitors served at the centers (set in 1976) was surpassed before September had ended. The collective count of center visits soared 18 percent above comparable figures for the 1985 season. The Summer 1986 visitor's survey yielded a length-of-stay average of 5.1 days compared

to the 5.9 days stay finding in a similar 1984 study. Travel in Oregon appears to have exceeded a nationwide increase in 1986 travel as estimated by the U.S. Travel Data Center in its 1985-86 National Travel Survey comparisons.

The overall impact of tourism on Oregon's economy is difficult to estimate. Tourism consists of segments of the retail trade, service and transportation industries. The availability and price of motor fuel usually affects the number of out-of-state visitors each year, but the impact of this variable is off-set somewhat by the number of Oregonians choosing to vacation in state.

By bringing in capital from outside the state, tourism has a significant impact on income and employment levels. According to U.S. Travel Data Center and U.S. Travel and Tourism Administration numbers, 1985 travel expenditures in Oregon amounted to $2.6 billion. This level of spending represents a 22% increase over 1983 spending. Favorite spots for travelers are the Oregon Coast, the Portland/Columbia Gorge/Mt. Hood areas and southern Oregon.

Post Secondary Education

The Oregon State Board of Higher Education is the governing board for the Oregon State System of Higher Education. Approximately 61,759 students attend the eight institutions composing the system. Enrollment is projected to increase slightly over the next four years to 66,449 in 1990-91. The state operates four universities: the University of Oregon in Eugene, Oregon State University in Corvallis, Portland State University in downtown Portland and the Oregon Health Sciences University which consists of Medical, Dental and Nursing Schools located in Southwest Portland. Other state schools include Eastern Oregon State College, Western Oregon State College, the Oregon Institute of Technology and Southern Oregon State College.

In addition, there are twenty-eight independent degree-granting institutions, fifteen community colleges and community college service districts, and various proprietary vocational schools in the state.